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Monday February 22 1982



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GENERAL

Plea for U.S. to leave El Salvador

Clarence Long, chairman of the House of Representatives foreign appropriations sub-committee, has said the U.S. should "pull right out" of El Salvador and stop "pouring money into a bottomless pit." He also said the Mexican Government was much less worried about a communist threat on its southern borders than the U.S. Administration and that the Nicaraguan Government, accused by the U.S. of supporting Salvadorean insurgents, had offered to cooperate in stopping the flow of arms to El Salvador.

BR row increases

The row between British Rail and the Government over last week's settlement of the train drivers' dispute intensified yes-terday as both sides refused to accept responsibility for the outcome. Back Page

Israel budget cuts The Israeli Cabinet approved draft 1982-83 budget cuts in

Kampuchea plan Former Kampuchean head of state Prince Sihanouk has agreed to form a united front with Khmer Rouge guerrillas to fight the Vietnamese. Page 2

Rebels kill 400

Eritrean guerrillas killed 400 Ethiopian troops and downed a warplane in a four-pronged offensive, the Eritrean People's Liberation Front claimed.

Director free

Andrzej Wadja, the internationally acclaimed Polish film direc-tor feared by some to have been interned under martial law, arrived in Paris from Warsaw.

N-alert lifted

U.S. officials lifted an emergency declaration at Three Mile Island nuclear power plant, Pennsylvania, after failing to find combustible gases detected

Carrington query

Labour MP Ron Brown has tabled a Commons question asking the Prime Minister how she is to respond to U.S. Secretary of State Alexander Haig's alleged description of Lord Carrington as "a duplicitous

Kincora inquiry

Sussex Chief Constable Sir George Terry is to head investigations into the Royal Ulster Constabulary's handling of Belfast's Kincora sex scandal.

Libyan spy case A Libyan court in Tripoli sentenced a French woman and her two sons to life imprison-

the U.S. and Israel. Abortion backed A Portuguese opinion poll

ment on charges of spying for

showed 71 per cent in favour of legalisation of abortion, which a Communist Bill is seeking

Headache solved Elizabeth Crosssland, 70, who

suffered headaches for 60 years has discovered that they had been caused by a small button lodged in her nostril.

Briefly ...

international airport killed Many died and farms and

houses destroyed in flash floods in Saudia Arabia.

Three farmworkers, overcome by fumes, drowned in a liquid manure tank near Quebec.

CONTENTS

U.S. budget: why Reagan Lombard: Samuel Brittan may lose this time 12 on U.S. money policy ... 13 Foreign Affairs: the lesson Justinian: low fares are Europe must learn 13 back on the legal stage 8

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ANNUAL STATEMENT

Lloyds Back

Changes in setting directors' pay urged

should not fix their own pay and terms of service, says a new code of practice published by the Institute of Directors. It proposes a remunerations com of non-executive directors.

• BRITISH AIRWAYS is expected to lose at least £200m in the financial year to the end of March but expects to break even or make a small profit in 1982/83. Back Page

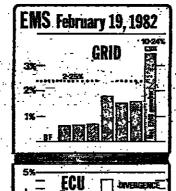
• FALLING OIL prices are forcing delays in investment projects costing billions of pounds, oil companies say. Back

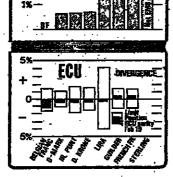
• French interest rates showed an upward trend in the latter part of last week, after Paris call money had touched the lowest level since May on Tuesday. Guilder rates were generally steady, with the French and Dutch currencies again fainishing close together at the top of the European draft 1982-83 budget cuts in education, welfare and subsidies, aimed at curbing inflation.

at the top of the European Monetary System. The franc was slightly the stronger of the two, but there was little to choose between the third-placed lira and the sixth-placed D-Mark. The Irish punt ended slightly firmer ahead of the general election result, while the Belgian

franc was virtually unchanged

at the bottom of the system.





The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency the cross rates from which no currency (except the lirs) may move more than 2½ per cent. The lower chart gives each currency's divergence from the central rate " egeinst the European Currency Unit (ECU) itself a basket

a CIVIL Service union leaders said a Treasury paper on Civil Service pay trends was inaccurate and urged caution in using it. Page 7

INVESTING institutions should set up professional teams to monitor the industrial strategies of big companies, said Sir Arthur Knight.

Back Page ● LOCAL authorities' total debt rose 8 per cent to £39.6bn, £705 per person, in the year to last

March 31. Page 6 ABOLISHING controls has been a success and there is no reason to reimpose them in coming months, an economist said. Page 4

• NATIONAL SAVINGS is in sight of its £3.5bm target for 1981/82. Page 4

 JWT GROUP, advertising concern, said \$24.5m (£13m) in fictitious earnings had been fed Bomb blast at Nicaragua's into a computer at a subsidiary. A senior officer has been suspended. Page 16

 PRESIDENT REAGAN will block a \$65m (£35m) loan to Romania because of doubts about creditworthiness and embarrassment over loans to Poland. Page 2

£150m on high-technology aid schemes have been drawn up by the Department of Industry and sent to the Treasury for This is in addition to an extra £50m to £100m in guarantees needed by mid-summer to keep

in existence the Governmentbacked loan guarantee scheme for small firms. Sir Geoffrey Howe, Chancellor, is expected to announce in his Budget speech on March 9 the release of the third £50m tranche of the £150m

already allocated for this

But Industry Ministers hope he will go beyond that by authorising a further £50m to £100m, and increase the Department's existing £500m aid budget, which general

includes support for hightechnology projects.

the summer. The main areas of high tech-nology which Mr Patrick being run under the Depart-Jenkin, the Industry Secretary, ment's Product and Process wants to help are fibre optics, computer-aided design, robotics, the general application of

product development.

A £25m, five-year scheme to The Industry Department is July, has been taken up far also preparing for a small more quickly than the Depart-Industry Bill to amend Section ment expected. Some £17m has Eight of the Industry Act 1972, so far been promised for 11 Current aid commitments are Nearly £4m of the aid will go

> Development Scheme. That, in turn, needs extra funds, having allocated £118.2m of aid in

1977. back 108 projects, whose total and the Department believes development cost is £395m. Only others need to be widened in about £44m of the £118.2m has Continued on Back Page

and Denmark seek to devalue

BY JOHN WYLES IN BRUSSELS

its franc by 12 per cent was being blocked last night by its partners in the European Monetary System. They complained that they were being asked to agree to a move which world undersing their comwould undermine their com-

netitiveness. Other EMS members were taken aback by the ambitious scale of the Belgian proposal and by the fact that it had induced Denmark to lodge a request for a 7 per cent devaluation of the krone.

The Danish move was considered opportunistic by most EEC Finance Ministers who had flown here for yesterday's special meeting, and not justified by any undue strains on the currency within the EMS.

The Belgian franc, however,

has bumped along at its lowest permitted level within the exchange rate system for long periods over the past three

As the ministerial negotiations ran on well into the evening, Mr Willy de Clercq, the Belgian Finance Minister, was reportedly under strong pres-sure to settle for a devaluation other Brussels ministers announced an emergency packof around 8 per cent.

age of measures ranging from since the start of EMS three

Mr de Clercq resisted, al- export incentives to a cut in years ago, together with
though he was thought likely to wage indexation to soften the Copenhagen's latest proposal, of around 8 per cent.

BY IVO DAWNAY, LABOUR STAFF

After eight hours of talks, Mr

In view of this, Mr Murdoch

has agreed to a request by the

union leaders for an extension of

24 hours, for discussions to be

further 24 hours would be given

for the resolution of any inter-

union matters that might arise, to be postponed.

major areas of contention."

the statement ended.

promise 3 per cent. Earlier. West Germany argued for a 3 to 4 per cent drop for the Belgian franc. France and Italy suggested 6 per cent, and the Netherlands 8 per cent. Views on the Danish krone ranged from nil to a 2 per cent devalua-

attitudes of his colleagues and

Deadline postponement

the geadline set for agreement Mr Murdoch would only com- tions at the weekend that

on the company's redundancy ment: "We want savings of a agreement with one key depart-

agreement with the company

corporate relations director for

talks would be resumed early

discuss closure today, was likely

tions were in a "very delicate agreement could be met. In a only 55 clerical workers have but, due to the statement on Saturday, he re-volunteered for redundancy.

The breakthrough came after

raises hopes at Times

lot of money."

threatened for today—rose last agreed to extend the deadline.

agreed to put back for 24 hours abolition of 900 casual shifts.

Murdoch and the five print tary of the Society of Graphical

that progress had been made in sufficient progress had been

some areas during the talks on made during the talks yesterday

The joint statement went on: within the new 24-hour dead-

24 hours, for discussions to be the parent company, News brought to a conclusion in all International, said that the

If the talks were successful, a this morning. A Times News-

Making the announcement, a week of growing doubts that Mr Murdoch added that negotia- Mr Murdoch's deadline for

future of the two to enable the unions to reach

Mr

union general secretaries stated and Allied Trades, said that

said to have hinted that

A BELGIAN attempt to devalue settle for a 10 per cent shift, impact of devaluation on prices would amount to a 22.5 per cent Denmark was offered a com- and incomes. they were shocked not only by the abandonment of Belgium's

THE Belgian Government yesterday curbed pay increases, froze prices, and imposed other "austerity"

measures to complement its move to devalue the

franc. The move threatens conflict between the new

centre-right Government and the trade unions.

hide his disappointment at the balances of Belgium's main

ot of money." ment — the Sunday Times
Mr Bill Keys, general secre- machine assistants—could be

extended.

trading partners in the EEC-

ment were not reached today,

But there were some indica-

An official of the Sunday

Times machine room chapel of

convinced we could have a deal

with management, if I was

allowed two weeks to discuss

the details with my members."

The company is seeking to cut

The future of the papers may

turn on talks with the Natsopa

clerical chapels, where the

company is seeking 390 jobs cut from the current 670. So far,

the National Society of Opera-

The Belgian Minister did not

drop against the DM, .he Reactions of other member-States yesterday indicated that The Belgium move could also spell the demise of the 61 year-

old monetary union between long-standing reluctance to Belgium and Luxembourg. The devalue, but also by its adoption of a strategy using heavy devaluation to induce an exportled recovery.

The implications for the trade currency with Belgium's.

Unlike the four previous EMS realignment negotiations, which have tended to concentrate on establishing the right parities to stabilise the system, Ministers were last night focusing as closely on the impact on the Belgian economy of a doubledigit devaluation.

Several delegations made no secret of their belief that devaluation could intensify Belgium's 8 per cent inflation rate, despite attempts to trim the wage-price index.

Germany, the Netherlands and This is largely because the Belgium might even quit the France—could be important. . EMS to secure the devaluation Herr Horst Schulmann, the Belgian economy is so sensitive West German Minister, pointed to import prices since imports He stressed the importance out that a 12 per cent franc to his government's recovery devaluation together with the represent 25 per cent of the gross national product. Also, the plan of a big change of parity. 5.5 per cent revaluation of the While he was still talking, Mark last October equalled a other Brussels ministers 17.5 per cent advantage against Belgian Government made it clear that it wants a parallel devaluation of its "green currency" which translates Germany. Danish devaluations EEC farm prices into Belgian francs. The effect of this would be to increase food prices

Budget to include oil tax changes

By Peter Riddell, Political Editor

CHANGES IN the structure of HOPES OF averting the closure "leadership and goodwill" of peated his warning that the of The Times and Sunday Times the general secretaries, he had papers would close if a settle-North See oil taxation will be announced in the Budget in a forinight. But they are likely night when Mr Rupert Murdoch. Asked if he was still insisting adding that the state of negotia-Times Newspapers' proprietor, on 600 redundancies and the tions remained "bleak." to fall short of the radical overhaul sought by the oil industry.

The aim will be to simplify the existing tax regime and to provide an incentive for exploration and development in of the more diff fields now coming up, such as those west of Shetland.

These changes will relevant to the award of the tive Printers, Graphical and Media Personnel, said: "I am eighth round of licences in the summer. This is expected to include some of the frontier areas in deep water locations which are difficult to develop. The changes will be entirely to do with the structure of taxation and will not aim to 155 of the 450 casual shifts this morning. A Times News- worked by machine assistants. papers board meeting, due to on the Sunday Times. alter the overall tax yield. This is regarded as a separate matter of fiscal policy and is anyway highly uncertain in view of

> Continued on Back Page Lombard, Page 13

EMS under strain as Belgium | Haughey likely to be elected Irish premier

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

favourite to be elected Prime Minister when the Irish Parliament meets on March 9. His prospects of forming a stable government which will last. however, look decidedly shaky,

The final results of the General Election give Mr Haughey's Fianna Fail 81 seats and the parties which formed the previous coalition Government under Dr Garret Fitz-Gerald, 78. The left-wing Sinn Fein Workers Party (SFWP) won three seats and inde-pendent parties won four.

majority Mr Haughey is confident he can form a Government. FitzGerald's—would not be will-He said the country was unanimous in not wanting measures, another election. He believed Margare the new Government could run

for three or four years.

At the same time, Dr Fitz-Gerald has not conceded defeat. He will try to keep the coalition together and win enough independent votes to continue in power. To do this he needs the support of five independents,

better than many expected, its overall vote dropped 1 per cent. Northern Ireland context. continuing the trend of recent

years.
This strengthens the anticoalitionist argument within Labour that the party gains nothing by joining the coalition. It is possible Labour could vote for its own candidate for Prime Minister, thus putting paid to any hope of a new administra-tion led by Dr FitzGerald.

Majority

virtually assured of the support from Dublin, of Mr Neil Blaney, MEP, the Whether D Independent Fianna Fail Member from Donegal, Mr Haughey's vote needed for a majority may lie with a newly-elected independent, Mr Tony Gregory.

Ircland would be closer to those of Mr Haughey than to those of Dr FitzGerald. His major con- settlement. cern is Dublin's inner-city housing problem. Either leader likely to reinforce Catholic might win Mr Gregory's support suspicions that until a parliaby calling a halt to the present plan to replace most inner-city existing housing with office blocks. SFWP's three seats are the

MR CHARLES HAUGHEY is new factor in the equation. The party leader, Mr Tomas MacGiolla, said they would drive a hard bargain with any-one seeking their support. The party wants indirect taxes re-duced to pre-Budget levels

Such demands are worrying some politicians and economists already. A continued pro-gramme of spending cuts and tax increases will be needed to reduce the country's deficit.

Measures

condent parties won four.

The fear is that another minority government—bearing and ority Mr Haughey is confirmed what happened to Dr ing to carry out necessary

Margaret van Hattem writes: The British Government, while adopting a studiously neutral stance in the election campaign, will be sorry to see Dr FitzGerald go He is seen in Whitehall as being more sympathetic than Mr Haughey to current moves towards a political settlement in Northern

or FitzGerald would face severe problems in preserving his coalition. Although Labour, the junior partner in the previous coalition government, kent its representation. its representation at 15 seats. London-Dublin relations than in any settlement in a purely

Dr FitzGerald, however, has won support from Ulster Protestants through his Protestants willingnes, to take a long-term view, seeking genuine reconciliation between Catholics and Protestan's and accepting the principle of an internal settlement, at least for the time

being.
The British Government's most pressing problem at this stage is in enlisting the support of Ulster's Catholics for its Mr Haughey, for his part, is had looked forward to support

Whether Dr FitzGerald might have urged Northern Catholics to go along with Mr James best chance of the one more Prior's plans for an elected assembly, as the Government clearly hoped, he Although Mr Gregory is left- helpful in stressing the imporwing, his views on Northern tance of the Anglo-Irish Council in underwriting the Irish dimension of the proposed

> Mr Haughey, by contrast, is mentary tier is added to the existing arrangements the council is of little significance. Editorial Comment, Page 12

Poland plans to curb unions

BY OUR FOREIGN STAFF

terday published guidelines for the future of the trade union movement with a call for workers to resist a return to the "political extremism" of Solidarity.

The proposals, which take the form of a draft plan, seem designed to prevent the resurgence of any workers' organisation with the appeal and power of Solidarity, which claimed 10m members at the time it was suspended on December 13. Charging that Solidarity grew into a desructive political force which threatened the existence of the state, the document made

plain that the new unions

should toe the orthodox Com-

munist Party line, concern

themselves only with bread-and-

butter issues, and refrain from

THE POLISH Government yes- campaigning at national level. The document made no mention of plans for the interned leaders of Solidarity, nor did it recommend talks with Mr Lech Walesa and the union's

other elected leaders. It praised the pro-Communist unions which were overshadowed during the rise of Solidarity after August 1980, and made clear that any new movement would have to be

subordinate to the ruling establishment. The authorities also plan to strictly limit the right to strike and to bar all civil servants and police from union membershp. " Strikes should be permissible only after all other means have

been exhausted . . . there can be no place for strikes with

political character," said the draft. It recommended a return to

unions based on industries rather than regions. The regional structure of Solidarity gave the independent union considerable power, enabling at to bring large areas

of the country to a standstill in

support of its demands. The government officials who produced the document—called "A thesis for discussion"—pro-posed a new movement which would be a compromise between the independence of Solidarity and the subservience of the old Party-dominated official unions. But it indicated that the new unions' political balance should

resembled that of the orthodox

pro-Communist organisations,

More high technology aid sought

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PLANS for increased Government expenditure of about

scheme.

which limits the amount of selective aid that can be given.

microprocessors, and other various technological areas since Existing allocations in some of these areas are running out,

aid fibre optics, launched last projects being carried out by eight electronics companies within £100m of the existing on opto-electronic components £1.6bn ceiling Legislation will and just over £3.5m on fibre be required before the end of optic systems. A further allocation is needed

That sum is being used to

ours from under £2,000

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S. Africa

posts top

diplomat

THE permanent head of South

Africa's Department of Foreign Affairs, Mr Brand Fourie, 65,

has been appointed ambassador

to Washington, writes Bernard

Simon in Johannesburg. The

unexpected posting is seen as a sign of the closer relations between the two countries since

President Reagan took office. The U.S. is South Africa's

UAE offered reactor

France has offered to supply the

United Arab Emirates with an aromic reactor "for peaceful purposes," says Mr. Mana Oteiba, the UAE Oil Minister, writes Our Foreign Staff. The offer came during a visit by M Claude Cheysson, the French Foreign Minister.

largest trading partner.

to U.S.

Reagan refuses \$65m guaranteed loan to Romania

BY ANATOLE KALETSKY IN WASHINGTON

because of doubts about the country's credit-worthiness and embarrassment over the recent decision to make good unpaid interest on loans to Poland guaranteed by the Commodity Credit Corporation.

officials. Administration quoted over the weekend, said nal economic policies. the loan to Romania was The State Department, neverthe loan to Romania strongly supported by the State theless, believes that extra and Agriculture Departments, government-guaranteed loans Bu the President reportedly has

negotiating with Western ban-kers in the hope of rescheduling about \$1bn of debt on which it is already in arrears or which will fall due soon. Its hard currency debt has been esti-

PRESIDENT REAGAN will mated at \$10bn-\$14bn, although block a \$65m government Romania claimed last year that guaranteed loan to Romania it was only about \$6bn.

last June, stopped lending to the country in November because of a deterioration in Romania's financial position and because of doubts about inter-

government-guaranteed loans should be made to protect taken the advice of the Treasury and the Office of Management and Budget, which claimed Romania would be unable to repay.

The Bucharest Government is cultural stocks, following record howevers for many consistency of many consistency are the stocks of many consistency are the stocks.

Caribbean package likely to be unveiled tomorrow

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

DETAILS of the Caribbean tain new onslaughts against the Basin initiative—an ambitious Castro régime in Cuba and the package of business incentives Sandinista Government in appropriations Nicuragua. designed to bolster the flagging President Ronald Reagan to States in Washington tomorrow. ally touchy part of the plan would be to give preferential access to the U.S. market to countries of the region. To this countries of the region. To this already expressed their dismay would be added an extension of the political risk insurance market being flooded by goods offered by the Governmentbacked Overseas Private Investment Corporation.

New bilateral tax and investment treaties, incentives for demanded by U.S. lobbies. conventions held in the region of the area, are envisaged.

the ambitiousness of the posal which, it says, undercuts Caribbean package, introduced the island's much-needed privilat a time when President eges in the U.S. Reagan is in budget difficulties. is a measure of the the fact that because of U.S.

The International Monetary Fund, which announced a new line of credits for Romania

Sandinista Government in Privately, State Department economies of Central America officials say the Reagan and the Caribbean—are initiative will stir up major expected to be announced by rows in Congress, particularly on the question of virtual free the Organisation of American entry to the U.S. market for States in Washington tomorrow. central American and The most novel and politic- Caribbean commodities and manufactured goods.

Manufacturers and trade union leaders in the U.S. have produced in the Caribbean Basin at low cost. The Administration has had to build into the plan safeguard mechanisms

The Government of Puerto by U.S. concerns, and an Rico, the U.S. possession in the additional \$300m\$350m in Caribbean which is going direct aid to the governments through a particularly deep depression, has been lobbying Administration officials say hard against the free trade pro-

extreme urgency with which legislation, their labour, power developments in Central and transport costs are all higher than those of their neighbeing viewed by the White bours and that they stand to suffer acutely if Washington President Reagan's state- allows their Caribbean neighment is also expected to con- bours to undercut them further.

Sihanouk to link with Khmer Rouge

PEKING—Prince Norodom Sihanouk, former Kampu-chean head of State, said yesterday he had agreed to form a coalition with the Peking-backed Khmer Rouge. The arrangement would be based on Khmer Rouge insti-tutions without submitting to

their ideology, he added. After an 80-minute meeting with Khieu Samphan, the Khmer Rouge leader, Prince Sihanouk said he and Khieu hoped that Son Sam, the former Prime Minister, would soon join them for talks on entering the proposed coalition.

"If a tripartite coalition Government can be formed one day, we must make clear that the status of our Government is in the legal framework of Democratic Kampuchea (the Khmer Rouge) which is still a full member of the United Nations," the prince declared.

"The three parties— Khmer Rouge, Sihanouk, and Son Sann—will enjoy their autonomy as parties, with their own ideology and own way of thinking.

"But if we form a tripartite Government, we must have some common rules in order to co-operate." Khieu, who arrived in Peking on Saturday, said be

hoped Son Sann would come to the Chinese capital for talks soon. Prince Sihanouk said his talks with Khieu Samphan had gone "very well." The two former enemies hugged

each other when they met and

Before yesterday's talks, the prince had reiterated his subport for free elections in Kampuchea under UN auspicies and said both the Khmer Ronge, whom he has accused of mass murder, and representatives of the Hanoibacked Heng Samrin Govern-ment in Phnom Penh, should be allowed to field candidates.

join a coalition with the Khmer Rouge, even though "I do not approve of the cruel and non-democratic policy of Democratic Kampu-chea," he added.

"I do not want a military solution but a political solution. But in order to get a political solution with Vietnam and the Soviet Union, we

• China's top political figure, as vice-chairman of the Communist Party at the 12th Party Congress this year, to make way for younger leaders, Chinese officials said yesterDEVALUATION VITAL TO BELGIAN GOVERNMENT'S STRATEGY

Martens grasps the economic nettle

BY LARRY KLINGER IN BRUSSELS

ANY LINGERING doubts, or powers to go ahead with its plan to curb wage rises by 3 per cent, risking 2 "war" with the unions, it also announced the unions, it also announced as sudd the country's first-ever peacetime decision to devalue the

The Belgian franc has been de-rent Prime Minister whose valued only twice since the Government fell at that time valued only twice since the Government fell at that time 1930s and has survived a suc- because he insisted on wage cession of serious speculative curbs. attacks, two of them during the past 18 months.

held national opinion when he duced together with devalua-said: "We have always defeated tion. When the previous the speculators, and I expect Martens government fell, a them to lose again and again." leading banker said: "We yet it was Mr Eyskens, now bankers consider a devaluation would provide some welcome. Economics Minister, who only would provide some welcome 10 months later sat down along breathing space for industry,

It is worth noting, however, hopes, that Belgium's new that Belgium accepted a "low-centre-right Government would key" 5.5 per cent devaluation not keep its promise to take against the currencies of its unprecedented measures to main trading partners—West tackle the country's economic Germany and the Netherlands crisis were dispelled yesterday.

—in last October's realignment Not only did it use the recently—of the European monetary

Moreover, the decision to devalue taken formally late on Friday is unlikely to have been as sudden as it might first appear. In fact, the seeds of the move were probably sown as long ago as last March when Devaluation is a radical step. Mr Wilfried Martens, the cur-

There has long been a strong

body of opinion in Belgium that As recently as last April, Mr not only were austerity Mark Eyskens, then Finance measures of that sort necessary. Minister, was expressing a long-but they would have to be intro-

Unfortunately, because of the government crisis, these measures are unlikely to be be running at about BFr 147bn approved and, unless they are, for the first nine months of the national bank has no choice but to support the franc with all the means available."

Belgium has spent more than BFr 430bn (£5.7bn at the old rate) since then in support of the currency, national elections have been held and Mr Martens but excluding the Socialists for the first time in several years.

The Government was not formed with the express aim of devaluing but soon came to foreign debt be a serious probweekend, it said devaluation had become inevitable because of the growing balance of pay-ments deficit, the deteriorating public finances and permanent

another. The Belgium-Luxembourg economic union's current account deficit was estimated to last year, or five times the EEC average when expressed as a percentage of gross domestic

product. While there was a big reduction in that period in the over-all balance of payments deficit to BFr 21.4bn from BFr 61.1bn centrist Christian Democrats to the continuing rise in public and the conservative Liberals but excluding the Sanialian sector foreign horrowing. estimates put Belgian Treasury borrowing abroad at more than BFr 220bu last year.

consider the move a necessary lem following devaluation ingredient of its strategy as (officials are reportedly in con-Belgium's economic crisis tact with the IMF about a deepened in a statement at the possible rescheduling of possible rescheduling of foreign debt), but there is the question of the probable increase in Belgium's energy

The public finances have also pressure on the currency lead-continued to deteriorate ing to record or near-record rapidly, with the budget deficit side Mr Willy de Clercq, the but there would have to be interest rates.

new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister, to nego-certain measures to protect the Indeed, as the Government estimated to be running at new Finance Minister Ministe

babwe cabinet minister ousted last week with Mr Joshua Nkomo, his Zapu party leader, yesterday pledged support for Prime Minister Robert Mugabe and the merger of the two rival political parties, AP reports from Bulawayo.

Pledge to Mugabe

Mr Joshua Chinamano, a Zim

Foreign Minister.

Tripoli fighting eases Fighting between rival factions in the north Lebanese port of Tripoli died down this afternoon after raging since Friday. state-run Beirut Radio said yesterday, Reuter reports. At least 18 people were reported killed and 40 wounded in the three days of fierce clashes, which followed a week of tension and sporadic shooting in the city.

Iraq battle claim Iraq claims to have crushed an Iranian attack in the Bostan region of southern Iran at the weekend, killing and wounding thousands of Iranian troops, AP reports from Nicosia, Iran says it killed more than 2,000

Iragis in the battle.

Denmark ponders wage and price controls

BY HILARY BARNES IN COPENHAGEN

DENMARK'S Social Demo- price controls. cratic minority Government The Government's decision was standing by last night to to propose a devaluation in the call in opposition leaders to wake of the Belgian request to discuss extra economic meas- devalue in the EMS came as no ures on the assumption that the surprise. Its medium-term plan krone would be devalued at a calls for improvement in the meeting of EEC Finance competitiveness of Danish Ministers in Brussels.-

of the Government met union cators, particularly on the cent last year and imports by leaders to discuss measures. wages front, have made it clear 14 per cent. For the first time These could include the suspentiant these objectives will be in 20 years the balance of sion of automatic index-linked difficult to attain in 1982 with-

WARSAW-Poland's Com-

It will also assess the extent

of opposition to the authorities

and what sort of trade union

structure Poland should have

party officials said.

Party bids to lead Poland again

The session will be followed.

munist Party plans a crucial on Friday by a meeting of the liner, who is one of the few

meeting this week, intended to Polish Parliament to discuss senior Communists to remain rescue the party from its economic reforms and corrupactive under martial law, is seen
eclipse under martial law and tion trials.

as a possible next party chief.

restore it to visible leadership. The central committee meet-

ing is seen as the most import- a Polish Government delega-The party's policy-making ant political development since tion on an official visit to

central committee will meet on martial law was declared in Moscow next month, the Soviet

Wednesday to discuss the December to stiffe a challenge news agency Tass said yester-future of Gen Wojciech Jaru- to Communist rule by the day. No date was given.

about the implications of the

key issue. He is at present

party leader, Prime Minister, Defence Minister and martial

The meeting could discuss

There is also official concern quoted

popular slogan: "The winter is this August because the 600th yours, the spring will be ours." anniversary of the shrine of Party officials said Gen the Black Madonna, outside Jaruzelski's future would be a Czestochowa in the south of the

zelski as party leader and how Solidarity free trade union.

law chief.

The balance of payments deficit was reduced from DKr 13.3bn (£925m at the old rate) in 1980 to DKr 12.8bn (£890m) last year (about 3 per cent of GDP), with net interest amounting payments dimisters in Brussels. industry and the balance of DKr 14.4bn. Merchandise Earlier in the day, members payments deficit. Recent indiexports increased by 19 per

cent last year and imports by

• Pope John Paul II was

must visit his native Poland

country, is so important to him

FINANCIAL TIMES, published daily except Sundays and holidays. U.S subscription rates \$385.00 per annum Second Class postage paid at New York, M.Y., and at additional mailing

The final quarter trade figures, however, were less satisfactory. With the net foreign debt at

about DKr 117bn (28 per cent of GDP) at the end of 1981, public spending at about 61 per cent of GDP, a massive budget deficit and unemployment at 9 per cent, the Government believes it essential to bring about a steady improvement in competitiveness in order to be visible and invisible trade was able to expand the export

10a, Boulevard Royal, Luxembourg. NOTICE TO SHAREHOLDERS NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Negit S.A. will be held at the registered office of the Company in Luxambourg, 10A Boulevard Royal; on Tuesday, 2nd March, 1982, at 11.00 hours for the purpose of considering the following Agenda:

1. To amend Article 3 of the Articles of Incorporation by cancelling the sentence. "The Corporation may burrow money in any form." (in the English version) and "La Societa pourra stabrunter sous toutes formes." (In the French version).

2. To approve the new investment policy, as outlined in the letter to Shareholders dated 9th February, 1982.

3. To ratify the appointment of a new investment Adviser and the discharge of the former investment Adviser.

4. To ratify the appointment of a new Custodism.

5. To receive the resignation of axisting Directors and to discharge them in respect of the execution of their mendates.

6. To appoint new Directors.

To appoint new Directors.

FEBRUARY, 1982

uxembourg, 9th February, 1982.

Lloyds Bank Group Results 1981

With a strong world-wide performance and improved cost control, Group profit before tax was £386m, 33% up on 1980.

After tax and dividends and the special levy on bank profits which took £59mretained profit was £157m, down 9% on the previous year.

This brings Group share capital and reserves to £1,713m and helps to support a total balance sheet of £27,660m.

> When adjusted for inflation, pre-tax profit was 51% up at £248m and retained profit 49% down at £24m.





NEWISSUE

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Gabon seeks aid to host 1983 Unctad talks

Gabon is anxiously seeking western financial support to enable it to host next year's UN Conference on Trade and Development meeting in

revenues, is only just emerging headquarters of Geneva and from its most serious financial its own capital, crisis since independence because of overspending on the attract international conferences 1977 Organisation of African and successfully hosted a meet-Unity summit in its capital. ing of the International Mone-

support from Western govern-ments after unofficial estimates put the cost of hosling the conference at more than \$100m. Despite the fact that petro-

leum export receipts reached CFA 477bn (£856m) last year a rise of 15.4 per cent on the ment spending enforce budge-previous year—Gabon still has tary discipline and bring its serious debt servicing problems heavy external debt burden because of its heavy borrowing under control. for the OAU summit.

Lepandou, the Finance Minister is known to be one of the strongest opponents of further substantial expenditure on a last year. prestige event such as the Economists fear that hosting Unctad conference given the the Unctad conference when parlous state of the country's Gabon's economy is still in such

sary for such large gathering image abroad.

THE WEST African state of it would need to build additional conference facilities for the 3,000-odd delegates.

The full Unctad conference is held once every four years (the last was in the Philippines) and the host nation must pay the difference between holding Gabon, which depends the difference between holding heavily on oil exports for its the meeting in the secretariat

Three Gabonese ministers tary Fund last year. But it has were in London at the weekend not been responsible for anying a continuing effort to elicit thing as large as the Unctad thing as large as the Unctad The latest indications are

that Gabon is only just emerging from the financial crisis which it suffered after 1977. Under strict IMF tutelage it has managed to curb govern-

or the OAU summit.

But observers point out that
Mr Jean-Pierre Lemboumba total debt is still CFA 329bn (£590m) and debt servicing this year is expected to be CFA 104bn compared with CFA 125bn Economists fear that hosting

Gabon's economy is still in such fragile state would do con finances.

Although Gabon already has siderable damage to most of the infrastructure neces- economic recovery and its

SIA buys Pratt engines for stretched 747s

BY OUR WORLD TRADE STAFF

SINGAPORE Airlines has chosen the U.S.-made Pratt and Whitney JT9D-7R4G2 engine to power the eight Boeing 747 stretched upperdeck aircraft it recently ordered from the U.S. manu-

facturer for \$1bn.
The 54,000-pound thrust engine is compatible with the airline's current fleet of conventional 747s, also powered by smaller JT9D powerplants. The only other supplier of 747 engines is Rolls Royce, but an order for the UK

manufacturer would have been considered unlikely given SIA's links with Pratt and Whitney.

In an announcement today. the company said the engine order was worth £114m. The eight 747s will be delivered to SIA between May 1983, and March 1986, and will be con-figured to accommodate 40 first class sleeper seats, 42 business class seats on the extended upper deck, and 340 economy class seats in the main section of the aircraft.

Efta wants Community tie-in on trade marks

BY BRIL KHINDARIA IN GENEVA

mark protection does not dis- name products within the EEC. criminate against Efta-based companies.

The Efta countries want to take part in discussions within the Community on EEC-wide harmonisation of national trademark laws. The aim is to extend that harmonisation to Efta countries because of the overwhelming importance of

Efta, which comprises Nor-dures, and remoway, Sweden, Finland, Iceland, barriers to trade.

THE European Free Trade Association (Efta) is seeking talks with the Common Market to ensure that proposed Community's new laws will make it more difficult for Eftaments protestion does not disconnected to the companies of the companies to sell brand-

A group of trademark experts from Efta countries has found that the EEC Commission's proposals as drafted so far may discriminate against Ffts-based companies making Efta-based companies, making legal costs higher and placing more hurdles in the way of

registration of trademarks.

They argue that more harmonisation between EEC and the Community as a trading partner.

Esta which comprises Nor monisation octwers monisation between monisation octwers monisation octwers and cut costs, simplify administrative procedures. and remove technical

SHIPPING REPORT

Tanker outlook brightens BY ANDREW FISHER, SHIPPING CORRESPONDENT

INQUIRIES FOR new business picked up slightly on the long depressed tanker market last week, according to one firm of brokers, with the Arabian Gulf seeing more activity for the first time in many weeks.

E. A. Gibson said in its weekly tanker report that the continuing drop in oil prices appeared to have given traders the chance to move into the market again, the result being more trade and fixtures. Even so, rates for big tankers

from the Gulf remained at lossfrom the Gulf remained at loss-making rates for owners. World-scale 16½/17½ was paid for a ULCC (ultra large crude carrier) discharging in Japan, with Worldscale 18½ obtaining for a VLCC (very large crude carrier) to the West.

But the rates for smaller ships trading from this area reflected a slight increase, said Gibson, There was a demand for vessels to Australia and other were ordered from abroad. Last Eastern areas, as well as to Europe and the Red Sea.

Galbraith Wrightson, which described last week as a hum-drum one with orders from the Gulf "thin on the ground," said a fair selection of miscellaneous cargoes had been quoted from other main loading areas, especially from the UK North

As for dry cargo rates, Den-noim Coates reported a weaker trend from the U.S. Gulf to continental Europe with a drop to \$8 a ton for 55,000 ton cargoes. But the Soviet Union was becoming more active for the 25,000-30,000 ton size.

● Spain's shipyards received orders for the construction of 234 ships totalling 1.6m tons as of January 1 this year, up 8.5 per cent over the previous year, AP reports from Madrid. The Spanish Shipbuilding Association, Construnaves, said 110 of those ships, with 1.3m tons, year 93 ships with 603,425 tons were launched, up 5.8 per cent.

World Economic Indicators

:	IN	DUSTRU	% change			
U.S.	jan. 182 139.1	143.4	Nov. '81 146.7	Jan. '81 150.4	over previous year —8.1	index base year 1967≕100
W. Germany Italy Netherlands Japan	Dec. '81 112.6 123.5 107.0 149.8	Nov. '81 115.4 126.6 106.0 150.9	116.7 128.9 110.0 151.7	114.4 124.0 108.9 143.6	1.6 0.4 1.7 +4.3	1975=100 1975=100 1975=100 1975=100
UK France	Nov. '81 104.4 114.0		Sept. '81 103.5 115.0	103.4 112.2	0.f+ 6.f+	1975=100 1975=100
Belgium	Oct. '81 116.0	Sept. 81 1128	Aug. '81 110.8	110.9	+4.6	1975=100 Eurostats

Pertamina £1.2bn deal for German, U.S. groups

THYSSEN Rheinstahl GmbH. of West Germany and Pullman Kellogg Overseas of the U.S. have signed a contract with Pertamina, the Indonesian state oil company, for the construction of a \$1.2bn aramatics petrochemical complex to be built in the south Sumatran town of

By Richard Cowper in Jakarta

Yesterday's contract brings the total value of contracts awarded by Pertamina, in the lest eight months to \$7.50n. Work will start on the plant work was start on the plant later this year. The general contractor will be Thyssen and Puliman Kellogg will provide the engineering.

Gen. Judo Sumbono, Pertamina's president director, said the aromatics plant would be en stream by 1936 and would make Indonesia and would make Indonesia generation in polyester. self-sufficient in polyester. Some 40 per cent of the plant's production is expected to be used domestically while 60 per cent is likely to be exported to Japan, the U.S.

anni Korea. Indonesia's contracts are aimed at doubling the country's oil refining capacity by 1983, double its output of LNG by 1984, and lay the basis for an indigenous chemicals

Five companies in Saudi refinery deal

JEDDAH—Five companies have won contracts to build a \$1.4bn refinery in Jubail, a joint venture between joint General General Petroleum and Mineral Organisation (Petromin) of Saudi Arabia and the Royal Dutch/Shell group, Petromin officials said.

confractors Chiyoda Petrostar Saudi Arabia, Technip Saudi Arabia, Parsons International of the U.S., Chiyoda Chemleal of Japan, and Technip of France. The 250,000 harrels-per-day export refinery is to be completed in 1984.

Reuter

High costs hit Australian coal exports

By Patricia Newby in Canberra A WARNING by Britain's

Central Electricity Generating Board (CEGB) that New South Wales is in danger of pricing itself out of the British and Western European steaming coal markets is causing consternation in Australia.

The warning, contained in a letter earlier this month from the CEGB to the New South Wales Agent-General's office in London, follows similar marriage. lar warnings from Japan,

lar warnings from Japan, Australia's biggest coal customer, and recent substantial purchases of U.S. coal by Japanese utilities.

The cost of New South Wales coal is expected to rise because of an A\$63 a week wage rise granted to miners after a three-week strike and the 25 per cent increase in rail freight charges imposed by the state government. The by the state government. The Rederal Government's imposition in last August's budget of an A\$1 a tonne levy on coal exports is also not helping

competitiveness.
The British board's letter will strengthen the hand of will strengthen the hand of the private coal companies in New South Wales which have so far refused to pay the new freight charges. The coal mine owners will meet State Premier Mr Neville Wran this week to discuss the charges.

charges.
Apart from the cost, the Board's letter is wornying for Australian producers because of complaints about reliability of complaints about reliability of supply. Australia's reputation has been tarnished by a combination of port congestion and constant industrial disputes at wharves.

Because of problems at the state's main coal exporting ports of Newcastle, Port Kembla and Balmaln, Australia is failing to meet its coal shipping commitments to the CEGB. In the year to last

the CEGB. In the year to last December the state's exports to Britain were just over 1.1m tomes in 1980. The CEGB holds contracts for 2.5m tomes from state suppliers. Recently one of Japan's major coal buyers contracted for 800,000 tonnes of steaming coal from the U.S. This was the first real sign that Japan is diversifying coal supplies.

German oil intake down

WEST GERMAN crude imports fell 18 per cent in volume terms to 79.4m tonnes in 1981 but rose 11 per cent in value terms to DM 49.17bn, Reuter reports from Wies-baden, the federal statistics

The average price per tonne of crude oil was DM 620 in 1981, up 36 per cent from 1980. Saudi Arabia supplied 25.5m tonnes in 1981 after 24.6m in 1989, the UK 15.9m against 14.6m and Libya 10.4m against 14.9m. PHILIPPINE MANPOWER 'EXPORTS'

Guest workers ease deficit

BY EMILIA TAGAZA IN MANILA

THE MATTER of two Filipino guest workers beheaded last month for crimes in Riyadh met an embarrassed hush in Manila: The Government feared any fuss over the issue would jeopardise what has become the Philippines' most lucrative exporter—manpower.

A decade ago, just a handful of Filipinos worked abroad. Most were singers found in the nightchubs of Tokyo's Ginza, or au pairs in Hong Kong or

Today, there are more than 700,000 workers abroad, the majority in the Middle East where they are at a high premium because of the generally high level of education, grasp of English, and professional adaptability. Jobs in the Middle East and

elsewhere overseas are seen as a handy solution to two of the country's most urgent problems
—rising unemployment and a widening balance of payments deficit. Unemployment more than doubled in 1980 to 14.6 per cent from the previous year's 6.5 per cent. Labour Minister Mr Blas Ople said that a further 70,000 workers lost their jobs last year. Overseas jobs provide a convenient vehicle to abate labour unrest. Seriously concerned with the growing mass of job seekers, Mr Ople has asked President Ferdinand Marcos cabinet to give priority to job creation plans, and particularly, to make extra efforts to win the Middle East:
Last year, about 205,000 new
Filipino workers won jobs
abroad. Of these 77 per cent

were employed in the Middle East. Saudi Arabia alone absorbed 60 per cent of the The Labour Industry Ministry

estimates there are now 250,000 Filipino contract workers in the Middle East, of which 60 per cent are in Saudi Arabia. The government aimes to swell the number to 1m by 1984.

Apart from relieving unem-to repatriate 70 per cent of ployment, overseas workers their earnings, enforcement of make an important contribution the rule has been ineffective. the country's foreign exchange earnings.

Repatriated earnings are now the Philippines' most lucrative \$1bn last year, up 29 per cent from 1980's earnings of \$114m. In contrast, the country's single largest commodity export, coconut oil, brought in \$515m, while garments, textiles and accessories earned about \$721m.

Although contract workers

have been deployed since 1903 when Filipino farmers were shipped to plantations in Hawaii and California, it was only in 1974 that organised contracting was made part of the national employment pro-

It was only a decade ago that the Middle East became an important focus for labour migration. Into the 1980s, the growth in demand for labour is expected to continue. Countries like Saudi Arabia, Iraq, Kuwait and Bahrain plan to spend billions of dollars on development activities over the next five years, requiring about 2m-3m expatriate workers with about 1.5m in Saudi Arabia The demand for workers in the Middle East has led to

Saudi Arabia replacing the U.S. and Europe as the land of opportunity for many young Filipinos. But the love-affair with the Middle East has not been without its headaches. The salary remittance system, for instance, has fuelled an extremely active black market for foreign currencies. Of the reported earnings of \$1bn last year, central bank figures show that only \$500m was champelled.

through the banking system. The rest disappeared into the black market. Although by law Filipino

The state-owned Philippine National Bank (PNB) is just now introducing an investment scheme for overseas workers aimed at attracting funds from currency earner. Filipino over-aimed at attracting funds from seas workers earned roughly the black market to the banking system. The package, to be offered initially to workers in Saudi Arabia, includes preferen tial interest rates for their dollar savings and lower rates on loans for houses, appliances and capital equipment for those who are to start their own

enterprises.

A second problem linked with immigrant labour is the proli-feration of unauthorised labour recruiters, collecting astronomical service fees from over-enthusiastic job applicants who later find themselves landing not at Riyadh airport, but at the domestic airport in Cebu City in central Philippines. Even professionals, like teachers, office secretaries and account ants, are likewise mesmerised by the prospect of beckoning dollars, rials or dinars.

Like those college graduates who now work as servants or chambermaids in London and Los Angeles, these professionals are willing to act as servants in Arab homes. Women professionals often end up as prostitutes abroad, giving the Philippines the unflattering image as a country of servants and prostitutes.

Yet another problem created by the exodus of workers is "brawn drain" which has created a serious shortage of skilled hands at home. The Philippine Overseas Con-

struction Board has drawn up a list of "critical skills" and has a new programme of accelerated training for those only \$600m was channelled that fall under the critical list. The programme will eventually be expanded to include other skills that are expected to be contract workers are required in great demand.

Senior post at Dunlop

division. He succeeds Mr Hugh Pope, who has left the company. Mr Roberts has become a board member of the Duniop Enginearing Group with responsibilities for the aviation division's overseas operating companies in the U.S. and Singapore.

PENTOS LTD. has made the following appointments. Mr
Alan Stevens has been
appointed managing director of
Metalair, a subsidiary of
Pentos Engineering Group. He was managing director of Fergussons Tankers, part of the Wadham Stringer Group. Mr Stevens succeeds Mr F. Hearn, the company's managing director since 1956. Mr Hearn will act as deputy chairman of Metalair until his retirement later in the year.

Mr Derek Askey has been appointed UK sales director of Athena Reproductions, a sub-sidiary company of Pentos Ltd. He was sales manager of Camden Graphics.

WIGHAM POLAND HOLD-INGS states that following Mr E. G. Hedgeock's resignation from the board, Mr M. S. Mander has been appointed in his place. Mr Mander is the managing cirector of Thomson Magazines. Mr T. J. Mahoney, a senior executive vice president of Fred S. James Inc., has also been appointed to the board to replace Mr W. E. Burch.

Mr C. H. Reavley has been appointed head of administration of the WATER RESEARCH CENTRE, and secretary to the council. He succeeds Dr T. V.
Arden who is retiring. Mr
Reavley was finance sector
controller of International Computers.

the board of BERNARD appointed chairman and man-WARDLE GROUP following aging director.

director of DUNLOP'S aviation tor for BL, light and medium division, has been appointed car group. This is a non-director of the Coventry-based executive appointment. Mr David Bache, ex-director of design for BL Cars, recently accepted a consultancy with Wardle to advise on design. Mr Alex Dewhurst is to head the principal subsidiary and act as No. 2 to Mr Brian Taylor. Mr Dewhurst was formerly manag-ing director of Avon Industrial

> The executive committee of the ISSUING HOUSE ASSOCIATION is as follows: Hon. T. J. Manners (Lazard Brothers and Co.), chairman, Mr R. D. Broadley (Baring Brothers and Co), deputy chairman, Mr M. V. Blank, Mr D. Bucks, Mr J. D. Crostand, Mr J. N. Fuller-Shapeout, Lord Rockley, Mr L. J. Scott, Mr M. R. Valentine and Mr G. R. Walsh.

> Mr T. V. N. (Tim) Fortescne has been appointed chairman of the standing committee of the newly independent CONFEDE-RATION OF THE FOOD AND DRINK INDUSTRIES of the European Community (CIAA). Mr Fortescue is the secretarygeneral of the Food and Drink Industries Council of the UK.

> Mr G. Roy Pritchard has been appointed chairman of the LONDON AND WESTMINSTER NEWSPAPER GROUP in succession to Mr Ray Tindle.

> Mr A. J. Blezard, sales director of FIELD, SONS AND CO., the carlon division of Reed Group (part of Reed International), will be retiring on March 31. He will be succeeded by Mr Dugald Yuill, who has been appointed sales and marketing director of Field from April 1.

Mr Lorence Evelyn-Jones has retired as chairman and director of TEX ABRASIVES. Mr Brian Charles Carter, deputy chairman Mr Lester Burford has joined and managing director, is



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FEBRUARY 1982

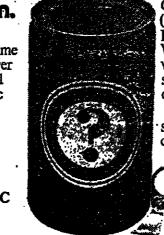
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Exchange control ban is a success, says economist

BY ROBIN PAULEY

THE ABOLITION of exchange controls has been a substantial success and there seems to be no reason why they should be reimposed in the coming reimposed in the coming months, says Ir David Lomax, group economic adviser of National Westminster Bank.

Abolition of the controls has saved administrative costs in companies, banks and the central bank, and has enabled the UK to earn further income by the reopening of the sterling Bulldog Bond market and the sterling international syndicated loan markets, Dr Lomax says in the bank's current issue of UK Economic Outlook.

The experience of central banks during the past decade had convinced them of the ineffective role of controls in the achievement of any exchange rate, or of other economic objectives. Country after country has either been forced to liberalise its policy on foreign exchange, or has wanted to do so, having understood the sort of distortions which are caused

National

near target

Figures published yesterday show that net receipts for all

National Savings instruments totalled £457.7m in January,

compared with £240.4m in

to the Central Government

for February and March need

The biggest source of new funds last month was index

linked National Savings certifi-

cates which pulled in a net £217.5m. Non-index linked

issues accounted for £97.3m net while the outflow of the NSB

Investment account in recent

months was reversed to show a

only average £80m.

Savings

abolished, there had been a feature in their current intersubstantial increase in foreign currency deposits and borrow-ing by UK residents, a continued outflow of direct investment and repayment by com-panies of foreign borrowing, substantial portfolio investment abroad and the revival of the

British capital market. Dr Lomax also says the key to the world economic problem energy issues, particularly in industrialised nations. Views that concentrate on recycling should be treated with "appropriate scorn " Capital should not flow inter-

nationally just to support con-sumption, but should be used where the rate of return in the borrowing country is greater than that which can be obtained by the saver elsewhere. There was no other solution to the economic crisis than

expansion of energy production in the main OECD states and,

Since the UK controls were rates for 1982 in a special national bond and currency review. Monetarism in the U.S. appeared to have been appeared expressed through a more pragmatic, longer-term view of monetary trends. However, the risk was that, if the markets retained their very short-term view, they might feel affairs were being left too long and decide monetarism had been

> This could be the first step towards relaxation of monetary policy, once the Administration realised tight money targets and tax cuts were not con-sistent. As a result, the short-term outlook for interest rates was more positive, says Capels, who expect them to remain at current levels for a couple of

decide monetarism had been

"With a weak economy and possibly more encouraging monetary trends around midless important, in those developing countries which import oil.

Brokers James Capel take an optimistic view of U.S. interest year, rates may well have eased back by the third quarter," they

Sussex Chief Constable to head Kincora sex inquiry

BY LISA WOOD

NATIONAL SAVINGS is well within sight of its £3.5bn target for the 1981/82 financial year. investigations into the Royal Ulster Constabulary's handling of Belfast's Kincora sex scandal.

The eppointment follows a request, made public by Mr James Prior, the Northern freland Secretary, last Thursday, from Sir John Hermon, the Northern Ireland Chief Con-This takes the cumulative contribution of National Savings stable, that a chief constable be Borrowing Requirement to £3.338bn after the first 10 months of the financial year and means that the net income sent from Britain to investigate allegations about the way in which police have conducted

their inquiries. Sir George will also have general oversight of the conthraing investigation concerning Chief Police Officers.

SIR GEORGE TERRY, Chief allegations of an official cover-Constable of Sussex, is to head up of homosexual malpractices against boys in care at the Kincora Boys' Home in East

> No details on when Sir George will start his duties or how long they will last have yet been released by the Northern Ireland Office or the

Sir George, 61, has been Chief Constable of Sussex since 1973. He was Chief Constable of Lincolnshire in 1970-73. He was knighted in the Queen's 1982 New Year's Honours List, and is the immediate past president of the Association of

Appeal to poultry workers

MR BERNARD MATTHEWS, return, they could lose their net income of £14.4m. The 15 the biggest turkey producer in jobs. They will strike for a per cent gross rate on this Europe, is sending out his fieet week and want a 32 per cent account is being reduced by 1 of buses today hoping to pick wage increase. They have been percentage point to 14 per cent up his 1,200 workforce even offered less than 8 per cent. though they have decided to A feed mill at Bawsey, North continue a strike at his Norfolk Norfolk, which was closed by

year from March 1. The NSB Ordinary Account since October 1979. Accrued interest, index linking and bonuses accounted for

He also welcomed new ensure that the birds do not job applicants. . He warns that if staff do not at the mill have been sacked.

strikers and which Mr Matthews has invited half the feed for 2m turkeys, is staff to return to work in an being kept going by workers advertisement in local papers, from other farms so as to

starve. The 30 original workers

Insurance company's appeal allowed

THE British Bank of the Middle East has lost a £120,000 claim against Sun Life Assurance Company of Canada (UK).

The Court of Appeal has agreed with a High Court judge that a branch officer of Sun Late, who had signed undertakings on Sun Life's behalf to repay loans made by the bank, had no authority to do so. British Bank had lent money

horitish bank had test money to a property dealing company, Nellpine. In addition to taking a floating charge over Nellpine's property, it obtained undertakings from Sun Life, involving a total of about £120,000, to repay money lent to Nekpine. Lord Justice Ackner said the undertakings had been signed by the unit manager of Sun Life's City branch whose authority had been confirmed by the branch manager. The judge said that neither had the authority to do what they did.

Kent's missing motorway link

THE Government has remained "strangely silent" on the fate of the final "missing link" stretch of the M20 motorway between Maidstone and Ashford, Kent County Council said

at the week-end.
Preparations on the \$20
"missing link" section and on dozens of other road schemes was suspended indefinitely by the Government last week in the Government last week in its White Paper on roads policy. Mr Kenneth Ckarke, the Under-Secretary of State for Transport, accepted after the White Paper was published that the existing link between Maidstone and Ashford was "not mand but was admirate." good but was adequate.

GLC calls for new coach stations

THE Greater London Council is to press the Government today for tighter control of coach operations at Victoria Coach Station, improved coach terminals there, and new London coach stations.

Traffic to and from the station has grown rapidly since coach operations were de-regulated under the 1980 Transport Act and Mr Dave Wetzel, chairman of the GLC transport committee, says the expansion has caused "severe environmental and pedestriza problems."

Coal Board pensions

IN OUR REPORT on Saturday the Pension Fund Investment Conference at Eastbourne a reference to the NUM Pension Fund should have been to the

Dispute over contract delayed defence deal

space lies behind the recent

Dynamics Group anneunced a pany more incentive to be deal for "more than £200m" for efficient. The Government, thereand initial production of a new anti-ship missile.

the "development, evaluation for a state more, was given better value for and initial production" of a its money, they said.

But the "target price" contract which has actually been negotiated falls considerably short of this — just how far short is disputed by the parties. The Royal Navy's Sea Harriers.

The Sea Eagle deal involves the fitted to RAS Dynamics as prime contract. be in service towards the end of the 1980s, and will be launched from RAF Ruccaneer and from the Royal Navy's Sea Harriers. It may later be fitted to

The contract has been long awaited and it now appears that one reason for the delay was major difficulties which arose during negotiations about what sort of contract should cover

It had been thought that negotlations would produce a fixed any savings or overtuns. price contract with built-in in-centives on price, delivery dates and the like. Both BAe executives and senior Defence had sought a fixed price con- at the Ferranti-type scandals of Ministry officials have argued tract under which it would bear the 1960s) they are clearly

A BEHIND-THE-SCENES tussie involving disagreements within the Ministry of Defence and between it and British Aero.

Bridget Bloom reports on the wrangle about the two much profit at the taxbetween it and British Aero.

The Ministry says that taxes

announcement of Britain's latest before the Commons Select multi-million pound defence Committee on Defence that contract. The Ministry and BAe's ferred because they offer a com-"development, evaluation fore, was given better value for

> BAe Dynamics as prime contractor in developing, evaluating and producing perhaps about 200 missiles for a target price of around £200m. (Neither the company not the Ministry is specific on figures.) A 10 per cent margin either way has been set and it has been agreed that the BAe and the Ministry share

> In evidence to the Select . Committee last week, BAe said

all losses — and reap all profits. This had been turned down by the Ministry, the company said, even though the maximum price under the target arrangement was 10 per cent

higher than a fixed price offered by the company. This, it acknowledged, could cost the Government £20m more than The Ministry disagrees. It accepts that the Government could pay more — though probably £15m rather than £20m if things went badly. But, say officials, the overall cost could be £15m less than BAe's fixed

price - if things go well. They point out that the missile is still only half developed, that initial produc-tion will not start for several years and that many trials must

still be completed.

Looking over their collective shoulders at the Commons Both BAe this solution was second best. It Public Accounts committee (and

The Ministry says that target price arrangements have saved the taxpayer money on some warship contracts, though it says it is too early to point to such savings on comparable missile or other aerospace contracts.

pany, officials say that if BAe had been prepared to lower its price by the several million pounds—apparently for unallo-cated contingencies—that the Ministry had asked, it would have been possible to negotiate a fixed price contract. Ministers would certainly have liked such a contract if the right terms could have been won.

Only time will tell whether the Ministry has done well for the taxpayer and the company for its shareholders by settling for less than a fixed price contract. Both sides at least agree that there is a somewhat sharper air about the negotiation of defence contracts than there was when open-ended cost plus contracts were the order

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The Swire Group

Liticals

1 1 2

Higher education spending is £1.8bn

By Michael Dixon, Education

BRITAIN spends twice as much of its gross national product on higher education as Japan and half as much again as West Germany, according to Unesco statistics for 1977-79. education

British higher education spending is about £1.8bn a year and this total represents 1.1 per cent of GNP.

But unlike most countries require students to finance themselves at least partly by loans, Britain provides there with grants which represent 0.3 per cent of GNP. So a fairer basis for comparison would be 0.8 per cent of gross

national product. This would place the UK 10th equal with Sweden and Yugoslavia in the proportion of GNP spent on higher education.

LEADING 21 COUNTRIES

Netherlands New Zealand Ireland Sweden, UK Yugoslavia Austria, Norway, Switzerland West Germany France, Italy, Japan Portugal, Turkey

New bus shelters for London

LONDON TRANSPORT and the Greater London Council to build 1,000 new bus shelters this year in partnership with Adshel, a private contractor which uses the illuminated shelters for advertising and promotion work.

LT will use it profits from the advertising to pay to clean the shelters and to fund other non-advertising shelters.

ERF truck output

TRUCK PRODUCTION by ERF (Holdings last year was 1,093, compared with 1,982 in 1980. ERF's figures were missing from the table published on Friday because the company stopped supplying them to the of Motor Manufacturers and Traders, which compiles the statistics, in November 1980.

Lloyd's chairman closes reinsurance investigation

man of Lloyd's of London, the pleted a rare personal investi-gation into a rainsurance contract arranged by one of the largest underwriting group's at Lloyd's. He concluded that no further action is necessary.

More than 1,000 underwriting members who participate on underwriting syndicates number 810 and 869 have been told by Underwriting Agencies, the group tooking after their affairs, that the contract "contained errors which most regrettably were perpetuated throughout the lifetime of the contract."

Substantial refunds are being made to the syndicates and the amount involved could be more than £400,000.

Mr Green carried out his in the way envisaged. investigation following rumours within the Lloyd's market about onota share reinsurance treaty

MR PETER GREEN, the chair- Carlo firm of brokers, and Sea- and scope, a firm of Lloyd's brokers, whether the syndicates could be Seascope held a 10 per cent shareholding in Unimar.

> The reinsurance was requested by Mr Peter Cameron-Webb, the active underwriter concerned with syndicate 816. Under the planned arrangement Unimar would participate in arranging reinsurances for the two syndicates and in return Unimar would provide other business for the syndicates to reinsure. In Lloyd's this is known as a " reciprocal arrange-

> It was hoped that Unimar would have been able to generate business on a significant scale in relation to the £42m total premium income of the syndicates. But Unimar was unable to generate the business

Moreover problems arose over arranged for the underwriting the syndicate and Unimar were tion," Seascope has told Mr syndicates by Unimar, a Monte open to different interpretations; Cameron-Webb.

entitled to a return of any of the brokerage from Unimar if the scheme was unsuccessful.

Unimar stood to earn £130,000 per annum for producing sub-stantial premium income to the syndicates. In the event, according to PCW Underwriting Agencies, Unimar will get £20,000 per annum from 1978 when it first started arranging reinsurances for the syndicates. Refunds are being made to the syndicate. The reinsurance scheme with Unimar was not newed for the 1982 account

Aithsugh Mr Cameron-Webb requested that the errors in the documentation should be corrected in 1979, it was only recently that the corrections were made. As a result of the misunderstanding over the word ings of the commission terms "a plan of business developthe wording of the contract, ment which was original in its the contract. He studied a The terms describing the com- conception was made to look mission arrangements between unnatural in its implementa-

Spend more or tax less, RAC urges

THE Royal Automobile Club surplus taxation on road trans- ment from motor tax and the yesterday called on the Govern-ment either to cut motor taxes or to spend more money on

Britain's roads. In a letter to Sir Geoffrey Howe, the Chancellor, Mr Jack RAC's public policy committee. said: "The Government's excessive contribution to British Rail of not far short of £1,000m com-

port has become a grotesque annual outlay on roads. state of affairs.

benefit of road users is similar to the annual tax income from Williams, the chairman of the North Sea oil, part of which RAC's public policy committee, the RAC and other bodies have urged should be invested in an programme.

pared with the £6,000m contain. The £6,000m is the difference of an bution to the Exchequer from between income to the Govern-said.

The RAC claimed that 90 per "It is ironic that the £6,000m cent of passenger and freight surplus income not used for the traffic is now carried, by road transport, and the proportion carried by rail will continue to decrease.

As a result, road investment expanded and accelerated road 13 cuts in six years—should merit top priority for provision The £6,000m is the difference of any additional resources, it

Comet Radiovision executive resigns

BY CARLA RAPOPORT

MR EDMUND PEARS, manager executive chairman and a ing director of Comet Radio-vision, will be leaving the "He is right," said Mr Holdiversified retailing group at the

end of May.

Mr Michael Hollingbery, the chairman, said yesterday that company, but I couldn't give up Mr Pears's resignation would be officially announced within the

next few days. He said Mr Pears, who has been with the Hull-based group pany "is really too small for an pre-tax profits of £6.2m.

"He is right," said Mr Hol-lingbery, "I had wanted a managing director to look after the day-to-day running of the completely. Basically, neither of us had enough to do."

Comet Radiovision, which is engaged in sellng electrical and gas appliances, home improvefor more than three years, had ment products, jewellery and never been happy in Yorkshire other consumer goods, recorded and had decided that the com- sales last year of £211m and

Mr Pears was unavailable for comment yesterday. The news of his resignation emerged from Mr Hollinghers's meetings with City institutions in the past two

In the course of these talks, which Mr Hollingbery says he holds every year, he said the group's troubled jewellery division has been further hurt by the continued decline in the price of gold.

He said that the group's electrical division is "doing very well, thank you."

No decision | on buying advanced **Trident**

By Lynton McLain

SPECULATION that the U.S. offered to sell Britain the advanced D5 version of the Trident nuclear missile, with British companies sharing the Royal Navy 2nd for those bought for the U.S. Navy, could not be confirmed last night.

Britain has not decided to buy the D5 Trident in place of the C4 Trident, although Mr John Nott, Defence Secretary, is understood to favour Britain renegotiating its agreement with the U.S. with the aim of buying the latest version.

The U.S. agreed to sell Britain the C4 missile in an exchange of letters between Mrs Thatcher and President Carter in June 1980. The C4 system was expected to have cost £5bn at 1980 prices, but only the submarines to carry the missile would have been built in Britzin.

The D5 system is known to be more expensive than the C4 Trident, but Mr Nott favours it because of the **commonality** Royal Navy would have with the U.S. Navy which is already committed to buying the D5.

The Cabinet has not considered switching from the C4 system to the more expensive D5 missile, but it is likely to discuss the possibillity in the next few weeks if Mr Nott gets his way.

Leadership of NCB open

REPORTS that ministers were definitely planning to split into two the leadership of the National Coal Board when Sir Derek Ezra retires later this year were discounted by the Department of Energy yesterday.

No decisions had yet been made as to the structure of the NCB leadership when Sir Derek, the present chairman. retires, the department said. The Government has been

looking at different methods of leadership for some months. Two possibilities are under consideration-a strong executive chairman, as now, or splitting the job into two.

Hyster's lift for Ulster

IN NORTHERN IRELAND. where security is an aspect of everyday life, locals call the new Hyster forklift trucg plant at Craigavon "Fort Knox."
The low modern factory,

which from the outside looks more likely to produce micro-chips than anything as heavy as forklift trucks, has a high perimeter fence and cameras cover the only entrance. It's easier to get into the Vatican," a security guard jokes. Mr Herman Stoopman,

managing director of Hyster (N.I.) explains that the security has little to do with Northern Ireland's political problems. It is mainly intended to prevent competitors finding out the details of what goes on there. The reason for the security s that Hyster believes that its

£25m highly automated plant, built on a former dairy farm near Lough Neagh, has taken it step shead of the opposition. in the past on high quality, specialised handling equipment it the top end of the marketdecided to steer towards the lower end of the market with a no frills, low-cost truck.

entire output of the new truck oming from one new factory. Northern Ireland was chosen fter Hyster had considered Singapore, France, Germany, the Irish Republic and the pussibility of extending one of the company's existing plants in North and South America or on the continent.
From the first day of the pro-

ject, the design of the truck and of the manufacturing process were combined, and inessential features were removed. As a result, the Challenger XL, which sells for less than £9,000 in the UK, is about £2,000 cheaper than the company's existing heavy-duty truck of the same capacity, and cheap enough, it claims, to match the growing Japanese competition. Japanese truck imports to Europe have been building up over the past decade and now probably account for between 15 and 29 per cent of the basic end of the

By taking on the world market in bread-and-butter trucks from the Craigavon plant, Hyster is in the arena in which Japanese manufacturers—such as Komatsu, Toyota, Datsun and Mitsubishi—have been most

Hyster is quick to deny that its new truck represents a direct assault on the Japanese. It is, executives say, merely an extension of the company's existing at Portland, Oregon.

At Craigavon in Northern Ireland, an ultra-secure factory is turning out a new, basic fork-lift truck. Raymond Snoddy

diesel is an Isuzu and the LPG version a Mazda. More than 50 per cent by value of the parts of the truck, however, are made m the UK.

paid a visit.

The truck was launched in the UK in September and phased retail launches, which will last until the summer, are now under way in international markets. The trucks, rolling off the production line at the rate Hyster-which has concentrated of 10-15 a day, are heading for a world market suffering from serious over-capacity and cutthroat discounting. The British market, for instance, of £127m in 1981, was 27 per cent down

on the previous year, with an import penetration of 35 per cent. There are fears in the The company opted for the industry that the new Hyster, available in 4,000, 5,000 and 6.000 versions, could provoke a new round of price-cutting and European mergers. Although it was too early to

ve precise figures. Mr Bill Fleming, managing director of Hyster Europe, said the truck had already generated substantial new sales. Hyster, which had profits of \$20m on sales of \$442m in the first nine months of 1981, hopes to take 10 per cent of the basic end of the UK market this year, and build towards a dominant stake.

The project began in late 1978 amid company fears that the energy crunch, high interest rates and recession might leave Hyster increasingly embattled in a limited sector of the mar-There was also evidence that the market was changing. After looking at the possibilities of joint manufacture with .* Japanese company, using cheap components or assembling in a

Third World country, Hyster decided to start from square one and design a new basic truck and a plant tailor-made to produce it.

By late-1979 the package had been assembled and the first three test units were running around company headquarters

Mr Stoopman, who has run on the model are Japanese. The ville, Illinois, was on the project years.

from the beginning. started with 12 different thicknesses of material in the frame. We ended with just three. With 12 thicknesses of material the costs just snowball," says Mr

To reduce costs the number of options available have been

The truck, for instance, has fully-automatic transmission, power steering and all tubing coaled tupr event corrosion. The company claims 5 per cent lower running costs, the ability to negotiate steeper slopes and less noise and pollution than competitors' trucks.

In the Craigavon Hyster has developed a very precise flow process which has moved manufacture in the direction of the car industry's production methods. "When you pick up a piece of material it is never laid down until it is finished." Mr Stoopman said.

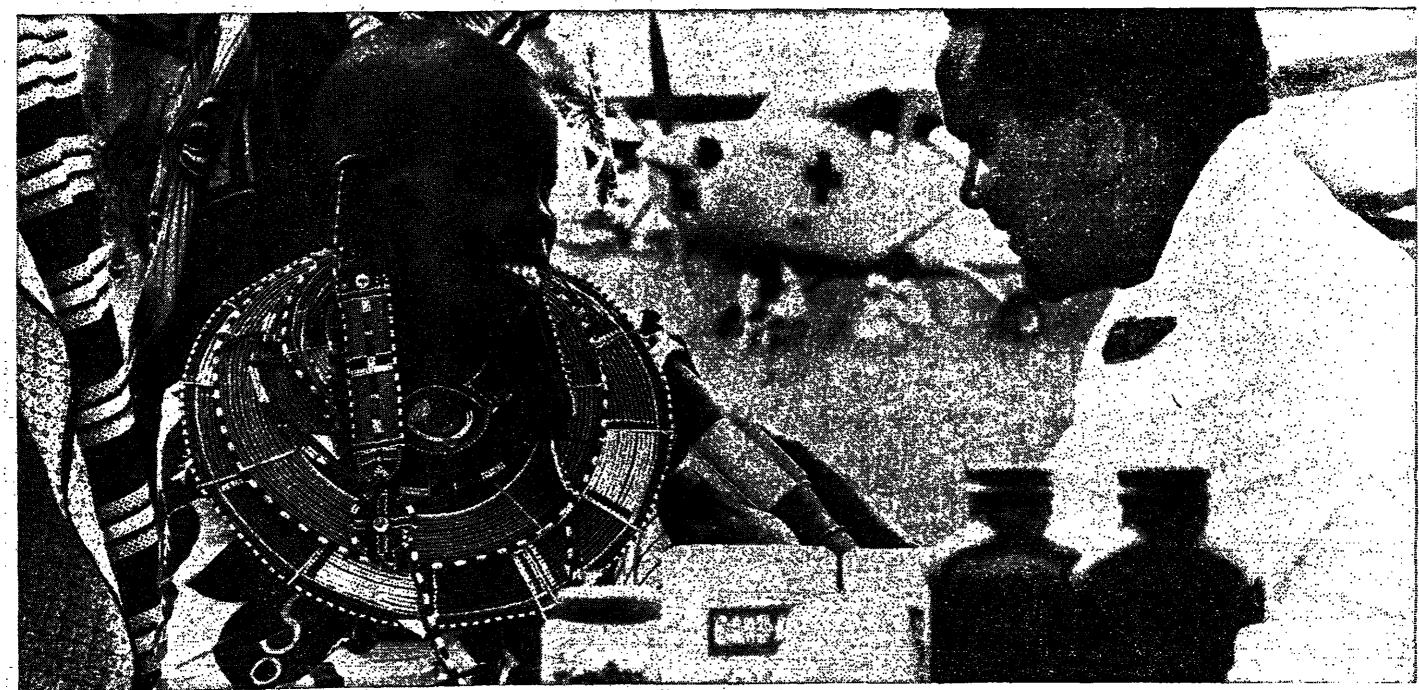
The plant is highly automated. The flexibility with which the machinery is operated is probably as important as the equipment itself. Not only do workers use more than one machine, there is also crosstraining and contracts stipulate

complete flexibility of labour, But he also queues up for a scoop of chips at the self-service canteen with everyone else, and includes ihs office in the ban on

alcohol at the plant. Mr Raymond Watson operates five machines worth a total of £250,000. To make the truck's drive spindle he takes the rough easting, faces and centres it, turns, drills and mills it be fore being responsible—like all workers at the plant-for his own quality control. The defect

rate at Crassavon is 0.3 per cent. The fact that Northern Ireland came out clearly on top in the search for a site, even after receiving black marks for political instability, surprised many Hyster executives. The key factors were an available work-torce with industrial experience and good ports, for shipping the trucks to markets all over the world. Some 45 per cent of the cost by Government grants and lowinterest loans. The decision to build was taken after checks on the ground showed that the region's political troubles slopped at the factory gates. Hyster now employs 270 at

Craigavon, which has a capacity of 7,000 trucks a year. The work-force will gradually Indeed, both engine options Hyster's biggest factory at Dan-build up to 800 in five or six



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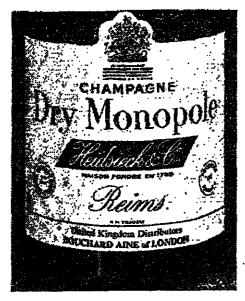
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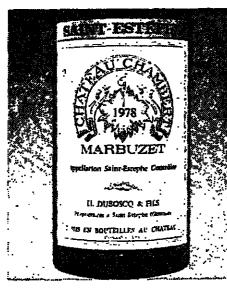
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UK NEWS

Rates in 1982-83 will depend on grant system, says report

RATE RISES for 1982-83 will than 530,000 per head in the £131.3m (46.4 per cent) of the depend more on the intricacies richest areas to about £80 per total in grant, leaving ratepayers of the Government's grant system than on the spending

This is the conclusion of a report published today which says the relationship between service provision and rate levels has become erratic and im-

Mr Tony Travers, of North East London Polytechnic, has analysed the way in which the Government will share out £11.5bn of grant to 412 local authorities in England in 1982-

He says there are two main easons for the weakening relationship between rates paid and

services received. attempt by the grant system to equalise rateable values, and

head in the poorest.

The equalisation process tries

to use grants to compensate for these differences but Mr Travers says the differences between rateable values are largely unrelated to variations in income, taxable capacity, wealth or "any other rational basis."
Rateable value equalisation
may therefore mean that people

in similar financial circum-stances receiving similar services pay very different rate For example, Avon has a population of 925,800 and the Government has assessed the

amount it needs to spend to privide a typical standard level of service (its grant related expenditure assessment or GREA) as £283.16m for 1982-83. equalise rateable values, and Surrey has a population of complex additions by the 994,000 and a GREA of £279.94m, Government to the "already inbut Surrey's rateable value is

total in grant, leaving ratepayers to pay the remaining £151.86m (53.6 per cent). If Surrey plans to spend exactly its GREA the Government will provide £68.2m (24.4 per cent). leaving ratepayers to find £211.74m (75.6 per cent) of the bill.

If Avon spends 50 per cent more than its GREA the Govern-ment will still provide 30.8 per cent of that spending total by paying £130.87m in grant. If Surrey budgets at 50 per cent over its GREA its grant will fall to £24.84m or 5.9 per cent of the total leaving ratepayers responsible for 94.1 per cent of the money.

At a level of spending equal to double the GREA, Avon will still receive a quarter of the total bill from the Government

Surrey will get nothing.

Mr Trayers says the new block grant system of allocating government money was comprehensible" rate support £170.02m compared with Avon's an attempt to improve account-grant system. £119.4m, which leads to very ability, fairness and spending Equalising the tax base different grant receipts and rate control. But the result in 1982-83 between local authorities means bills for the two areas. is likely to be a complex system equalising between rateable. If Avon plans a budget at its reducing rather than improving values which vary from more GREA level it will receive accountability.

of practice agreed that the aver-

years. Pressure to achieve this has led to increase in variable rate long-term funding.

Between the 1980 financial

year end and 1981, the propor-tion of debt in rollover and

consortium loans moved up

from 10.2 per cent to 13.3 per

cent within a total of about 40

per cent of debt held at variable

This proportion of debt, likely to be subject to market movements, explains why, with the recent years of interest rate volatility, the national rate of interest on lead authority debt

interest on local authority debt

has risen from 10 per cent in March 1979 to 13 per cent at

Return of Outstanding Debt at March 31, 1981: £15; CIPFA.

March 1981,

Stiff hurdle for Lloyd's Bill

or Commons tries to make progress with its consideration debate on the measure.

The Bill, which is designed to improve Lloyd's self-regulation, faces considerable opposition over one key clause which would grant a new Lloyd's council immunity from sutts for damages.

The second and fundamental reason for the clause, Lloyd's says, is that, if a member sues for damages.

Opponents in Parliament of the clause have already put down amendments to modify it extensively but any chance of the Bill being talked out to-night is remote. There will be no fixed limit for the debate, which means that MPs can discuss the Bill beyond the

usual three hours. The arguments against im-munity are likely to take the following form in the debate tonight. Those opposing the immunity clause say that such a rule would remove the prospect of members of Lloyd's taking action against the senior members of the society in the senior members of the council, and other members down to the level of "manager" — which, say critics, "has a wide if incomprehensible definition in the As for a court hearing to

Critics of the clause also maintain that the Stock Exchange and other comparable bodies do not enjoy such pro-tection. The Stock Exchange relies on qualified privilege for protection, and accepts that it for damages, A plaintiff would has to demonstrate that it is have only to make out a vestige not acting in an arbitrary or of a case to be likely to be per-capricious manuer in is discip- mitted to proceed further with linary action. All of the Ex- an action against Lloyd's, change's members have to sign Rather than discouraging vexaan agreement to accept its

An amendment to the clause, which will be raised tonight. would allow members of the Lloyd's community to sue Lloyd's for negligence. But, before taking such action, a member would have to estab-lish in the High Court that there was a prima facie case. The amendment has been designed

to prevent vexations suits against Lloyd's and to safe-guard members' rights.

Lloyd's has rejected this idea, arguing that, where there is any reasonable doubt involved in a case brought by a mem-ber, a judge is likely to let the case go forward. Lloyd's says it needs the immunity clause for force a two basic reasons. The first is Lloyd's."

ANOTHER critical stage in the passage of the Lloyd's Bill will to act quickly and decisively take place today as the House when initiating disciplinary of Commons tries to make propress with its consideration debate on the measure.

The Fill which is designed to billied from a particular course.

Lloyd's in respect of under-writing losses, the other members of Lloyd's have to foot the bill in the end.

Lloyd's also argues that the clause would prevent immense damage to the market arising from constant wrangles with irom constant wranges with individual members of its own community. Lloyd's says it is "peculiarly vulnerable to blackmail by litigation." Lloyd's underwriters trade globally under a variety of licences and permits, any or all of which can be put at risk by publicity attracted by members' suits against their society.

No parallel should be drawn form of suits for damages, if between itself and the Stock they were to feel their affairs Exchange. Lloyd's says, point-had been negliciently handled. Immunity would protect the ness, unlike that of Lloyd's, is not that of "risk," nor does it have "sleeping partners" with

As for a court hearing to establish whether there were a prima facie case to answer in the event of a negligence claim, Lloyd's has said that would be

"positively harmful."

Such an arrangement would allow a "mini-trial" of a suit tious litigation, says Lloyd's, prima facie hearings would encourage it Members suffering seek relief from the society of Lloyd's by itself, or jointly with their underwriting agent, which looks after their affairs. It would encourage members of the community who were seeking to prevent the council carrying out its duty of regulating the market.

"The imprimatur of a High Court judge, enabling the plain-tiff to proceed to trial, even if there were only a vestige of a case," says Lloyd's, "would be a valuable weapon in the hands of a plaintiff seeking to settlement from

Local authorities' debt £39.6bn

£705 for every man, woman and £1,342 with Trafford at the child, in the year ended March bottom (£281).

31 1981. The heaviest debt in the

Statistics published by the metropolitan counties is in Tyne Chartered Institute of Public and Wear (£145 per head), Finance and Accountancy show largely because of Metro, with that of the £34.16bn debt outthat of the £34.16bn debt out-standing among councils in England and Wales, about 73 per cent is for housing (£24.87bn), followed by educa-tion (£3.9bn), highways and transport (£1.4bn).

The total debt per head varies significantly between councils and areas. An average £1,321 debt per head in London com-

debt per head in London com-pares with £518 in the English shire county areas.

The heaviest debt burden per head remains with the inner London borough of Islington (£2,517) closely followed by Camden (£2,490). The lowest debt per head in inner London is in Westminster (£945).

In outer London the highest figure is £1415 (Haringer) and In outer London the highest Councils have been moving 1. Buckingham Place, London, figure is £1,416 (Haringey) and since 1977 to meet the Govern- SW1.

Fares boost for

Merseyside

MERSEYSIDE

and river ferries.

THE TOTAL debt of local the lowest £390 in Bromley. ment's advice that they should authorities in the UK increased Manchester leads the league in extend the maturity profile of by 8 per cent to £39.6bn, or the metropolitan districts with the debt, and a voluntary code age period of maturity from 1981-82 for longer term loans should be not less than seven

Bedfordshire owes most per head (£227) in the shire coun-ties and Durham the least (£47). The Greater London Council has outstanding debt of £2.5bn or £338 per head. Councils financed the highest

proportion of their debt by borrowing from the Public Works and Loans Board (37 per cent), followed by bonds and mortgages (29.2 per cent), internal funds and resources (14.2 per cent), temporary debt (12.4 per cent), stock (3.8 per cent), negotiable bonds (2.4 per cent) and miscellaneous loans (1.2 per

Fine Fare to sell beer in PET plastic bottles

vindicated in a High Court BOTTLES MADE of rigid PET is specially brewed by Watney action last week, continues to attract passengers back to the buses, suburban trains Details to be presented to

the first time. the budget meeting of the Passenger Transport Com-mittee in Liverpool today, Fine Fare, a leading grocery chain, is to sell two-litre bottles of bitter in about 300 of its 380 show the number of passenstores, following what it gers carried increased by about 7 per cent in November. describes as promising test sales in northern England and the the second month of the 10 Midlands. per cent reduction in fares.

PET (polyethylene terephtha-Revenue received in the four weeks was £84,000 more late) has become widely used than had been estimated before the cuts were intro-duced, representing a 2.4 per cent increase. Fine Fare's PET bottles are made by Metal Box and the beer Justinian, Page 8

plastic, which have largely dis- Mann. The grocery chain says placed glass in the manufacture more evidence is needed about of some larger containers of PET bottles' shelf life but of some larger containers of PET bottles' shelf life but fizzy drinks, are entering the believes they could prove more British bottled beer market for popular than party-size cans (four or seven pints), which are bulky and usually require can-

PETS impact on the beer market will be closely monitored by makers of cans and glass bottles, who recognise it as the most important innovation in packaging materials for 20

for larger bottles of lemonade and Coca Cola. It is also used the leading European supplier for two-litre cider packs by of polymer for PET bottles, Bulmers and Coates Gaymers. recently decided to spend 55m on raising its capacity by 20,000

This week in Parliament

Commons: Debate on the arts when third report from the Select Committee on Education Science and Arts will be relevant Further consideration of the Lloyds Bill from 7 pm. Lords: New Towns Bill, committee: Transport (Finance) Bill, third reading. Legal Aid Bill, second reading. Constitu-

Select Committees: Energy: possible British contribution to subject—Combined Heat and Power, Witnesses: Greater London Council, Newcastle City Affairs: subject—rural road Council, Southwark Council, The Watt Committee from 8 Witnesses: Strathchyde Regional Watt Committee (room 8,

tional Referendum Bill, commit-

430 pm). Foreign Affairs: subject— Caribbean and Central America: British approach to stability, security and development. Witnesses: Mr D. Gay, Dr E, Thomas-Hope, Liverpool

Witnesses: Mr D. Gay, Dr E, Thomas-Hope, Liverpool University. (room 6, 4.30 pm).

Public Accounts: subject—court fees. Witnesses: Lord Chamcellor's Department, Sir Wilfred Bourne and Mr A. J. Green (room 16, 4.45 pm).

Treasury and Civil Service: subject—budgetary reform in the UK. Witnesses: Ministry of Defence officials (room 15, 4.45 pm).

4.45 pm.)

TOMORROW

Commons: Canada

committee stage. Lords: Western Isles Island Council (Loch Roag) Order Confirmation Bill, third reading.

Confirmation Bill, third reading.
Legal advice and assistance
(financial conditions) regulations and legal aid (financial
conditions) regulations. Mental
Health (Amendment) Bill,
report stage.
Select Committees: Environment: subject—private rented
housing sector. Witnesses:
British Property Federation
(room 16, 4.00 pm).
Parliamentary Commissioner
for Administration: subject—
reports of the Health Service

reports of the Hearth Service Commissioner. Witnesses: health departments (room 5. .00 pm).

Foreign Affairs. Overseas
Development Sub-Committee.
Subject—the work of the Commonwealth . Development Witnesses Corporation. Devoipement Bills. Commonwealth

Corporation (room 8, 5,15 pm). WEDNESDAY Commons: Travel Concessions

Commons: Travel Concessions
(London) Bill, second reading.
Motion on the Department
(Northern Ireland) Order.
Lords: debate on rural housing and possible solutions to the
grave difficulties of many
villages. Debate on the problems
of housing farming and transof housing, farming and trans-port in Scotland's rural areas. Debate on launching aid for a

itnesses: Strathclyde Regional ouncil (room 5, 10.30 am). Home Affairs: subject-police

complaints procedure.
Witnesses: Association of
Metropolitan Authorities,
County Councils Association,
Local Ombudsman (room 8, 10.45 am). Industry and Trade: subject
Rolls-Royce Ltd. Witnesses:
Mr Norman Lamont, Minister of

State. Department of Industry, and officials (room 16, 10.45 am). Social Services: subject—the age of retirement Witnesses: Management and Personnel Office, Nationalised Industries Pensions and Personnel officers (room 21, 4.15 pm). Employment: subject—youth.

unersyloyment and training.
Witness: The Rt Hon Norman
Tebbit, MP, Secretary of State for Employment (room 16, 4.30 pm). Committee on Private Bills. Court of Referees (room 18, 10.30 am). THURSDAY

Commons: debate on Welsh Lords: New Towns Bill, third reading. Civil Jurisdiction and

Judgments Bill, report. Mental Health (Amendment) Bill, Select Committees: Welsh

Affairs: subject—water in Wales. Witnesses: Welsh Water Authority (room 18, 10.30 am). Agriculture: subject-horticulture Witnesses: National Union of Agricultural and Allied Workers (room 16, 10.45 am). FRIDAY

Commons: Private Members'

Docks reclamation approved

RECLAMATION work costing reclaimed areas, demolition of £12m in Liverpool's redundant south docks and the Merseyside areas of Toxteth and Dingle the river wall.

The development corporation. Set up by the Government to Merseyside Development Corporation.

Merseyside Development Corporation.

Work will start next week pumping sht out of the Hercu-laneum dock. The dredger will be the first large vessel in the dock for 10 years.

The programme includes provision of new roads to the

the Mersey waterfront, is exthe Mersey waterfront, is ex-pected to complete by next month the purchase from the Mersey Docks and Harbour Company of Liverpool's historic Albert dock complex. It has already bought some of the smaller sections of land on both river banks.

Unless you employ clones, you'll welcome an executive pension plan with more individual options.



Unless you really are cloning your own executives, you'll have observed that they're a

pretty mixed crew Apart from the long the short and the tall, you'll have the young the old and the middle aged. Not to mention the single, the married and the divorced.

All of whom will have to a greater or lesser degree differing pension requirements. They're not stereotypes and they shouldn't be offered stereotype pension plans.
We believe GRE's new executive pension plan (the VIP Plan) provides more genuine individual options than any other comparable

plan on the market. Furthermore, since the plan involves group enrolment, paperwork is reduced to the

absolute minimum. Once the plan is set up, existing members' benefits can be increased and new members can be brought in with the minimum of formality.

Other key features are as follows. Tailor made benefits for each group member.

For each member of the plan the employer has these choices at the outset: to specify the benefits to be provided and the form they are to take; to build up a cash fund which will be used to provide whatever benefits are appropriate when the member retires; or to fix the amount he wishes to contribute.

Maximum flexibility at retirement.
Inespective of the choice at the outset, the benefits at retirement may be taken in any of

the following forms (subject to Inland Revenue limits): a tax free lump sum; a single life pension level or escalating; or a dependant's pension, level or escalating.
Wide choice of death-in-service benefits.

Death-in-service benefits may be added for any member either as specified benefits, (e.g. lump sum and/or dependant's pension) or as a lump sum to be applied at death to sective dependant's pension. Flexible contributions.

Increases, reductions and special single premiums are easily handled.

Company loan plan. There is no need for a Pensioneer Trustee or Revenue Approval. Finally, ir goes without saying that VIP Plan offers participants the usual substantial tax

To find out all the details, please contact your nearest GRE branch or phone GRE Field Operations on 01-283 7101.

Guardian Royal Exchange Assurance

VIP PLAN Less paper work, more options.

GREAT PENS

Treasury paper on civil servants' pay 'misleading'

leaders are urging the Govern- Unit, led directly to last year's submission of the Treasury ment's inquiry on Civil Service 21-week Civil Service strike.

The inquiry, due to report mid-summer, will propose a p pay trends. They say it is misleading and inaccurate. The in-inquiry is chaired by Sir John

Of its own paper to the inquiry, the Council of Civil Service Unions says its analysis of the Treasury's "basic mistakes, the deliberate massaging and the misleading assumptions" clearly demonstrate the need for a permanent, independ-ent fact-finding body to provide agreed data for Civil Service pay negotiations.

The Government's scrapping of the service's comparability— The mious' paper deli-based pay system, built on in-berately picks up this point and formation provided by the suggests there may have been

CIVIL SERVICE trade union now-abolished Pay Research ulterior motivation behind the The inquiry, due to report by mid-summer, will propose a pay system to replace that

In evidence to the inquiry the salary group Inducon had said it was unfortunate the issue of Civil Service pay was reviewed now and not "in a period of political tranquility."

In detailed analysis the unions note several arithmetical abandoned by the Government.

Mr Bill Kendall, CCSU secretary general, said yesterday.

"The Treasury's paper is exposed as a crude propaganda exercise and not a factual report. The facts are that civil servants are underpaid compared with private-sector different complexion to the employees."

errors in the Treasury's paper. The most serious is that the Treasury said the annual rate of increase for white-collar male earnings in the private sector between 1970-81 was 13.4 per cent. The unions' calculations put it at 14.8 per cent.

The most serious is that the Treasury said the annual rate of increase for white-collar male earnings in the Treasury's paper.

The most serious is that the Treasury said the annual rate of increase for white-collar male earnings in the most serious is that the Treasury said the annual rate of increase for white-collar male earnings in the most serious is that the Treasury said the annual rate of increase for white-collar male earnings in the private sector between 1970-81 was 13.4 per cent. The unions' calculations put it at 14.8 per cent. errors in the Treasury's paper. different complexion to the Treasury's comparison of its figure with that given for Civil Service earnings of 14.9 per

The CCSU suggests the Treasury has "massaged" its figures by excluding women from its statistical case and by choosing 1970 as its base-date

Arms switch role for unions

TRADE UNIONS should take the lead in plans to switch arms production to peaceful uses, according to Mr Tim Webb, a national officer of the Association of Scientific, Technical and Mrnacorial Staffs in a neural Manageriai Staffs, in a pamph-let entitled The Arms Drain: Job Risk and Industrial De-cline, published by the Cam-paign for Nuclear Disarmament

Orchestra's strike hits Sadler's Wells ballet

By David Churchill

THE OPENING performances of Sadler's Wells Royal Ballet's London season, due to start tomorrow night, have been cancelled because of the five-week strike by the company's

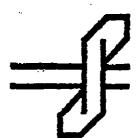
The move follows a collapse of talks between the Musicians' Union and the Royal Opera House management. The orchestra seeks a retainer to compensate for occasions the ballet company tours abroad and local orchestras are used. The erchestra rejected on Friday an offer of a guaranteed 35 weeks' work a year. Instead, it decided to press for a 40-week minimum guaran-

teed contract. The dispute has forced the ballet company to cancel regional tours recently, including performances of Swan Lake.

Because orchestra rehearsals did not start on Friday for the opening performances, manage-ment decided to cancel the ballet programme scheduled for Tuesday to Thursday.

Talks are expected this week. They could save some of the remaining London season of the ballet company, sponsored by the J. Sainsbury

These securities having been placed privately, this autouncement appears as a matter of record only.



De **Nationale** Investeringsbank NV

The Hague, The Netherlands

Dfls. 100,000,000 11½ per cent. Bearer Notes 1982 due 1987 Annual compons 15th March

Algemene Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.

Bank Mees & Hope NV

Pierson, Heldring & Pierson N.V.

Morgan Stanley International

Union Bank of Switzerland (Securities)

February, 1982

Low Pay Unit tackles Tebbit on young's wages

BY IVO DAWNAY, LABOUR STAFF

AN INDEPENDENT pay offer safeguards to prevent research body has called on the companies replacing adult Government to give assurances it will not withdraw the protective aged under 18 years. tion of wages councils from young people.

Mr Chris Pond, director of the Low Pay Unit, has written an open letter to Mr Norman open letter to Mr Norman lower pay illegally in order to qualify for subsidies. Tebbit, Employment Secretary, to express concern at the Government's approach to young people's wages.

He claims Mr Tebbit is seriously considering removing the protection of wages councils from young people. The councils set minimum pay rates in some industries. Such a move would leave young people additionally liable to exploitation, Mr Pond

effect of the recently-introduced

It also expresses concern employers required to pay mini-mum rates laid down by wages

The letter cites Employment Department research which indicates there appears to be no correlation between levels of youth unemployment and changes in young people's earn-

Government claims that wage levels are a significant factor in the creation of youth unemployment "may be seen as a cynical attempt to make young people themselves a scapegoat for the The letter also warns that the problem." Mr Pond says.

The Employment Department Young Workers' Scheme, which said yesterday there were no offers cash incentives to plans to exempt employers of employers paying young people from their obligations under the wages councils.

Dunlop plants threatened

TRADE UNION leaders from: 20 major Dunlop Group plants agreed at the weekend to start industrial action this week in It began before Christmas as support of the 11-week dispute a factory occupation, to demand

South Wales. planned action, Details of drawn up by shop stewards demand normal Dunlop redun-meeting in Skelmersdale, dancy terms. The company Lancs, were kept under wraps insists they have breached conyesterday. Mr Geoff Jacobs, a local transport union official, said they wanted to avoid company counter-measures. want to hit them and hit them

The dispute was given Transport and General Workers Union official support last week.

offer ex gratia payments, in usual Dunlop payouts.

Melsyelan Est D & INTEREST PAYMENTS— La 3er

INTEREST PAYMENTS

at the group's -Semtex floor- more investment to secure the coverings factory at Brynmawr, plant's future. It has become a South Wales.

plant's future. It has become a battle over redundancy terms. The 450 workers involved tracts. It is prepared only to

excess of the statutory redundancy minimum but short of

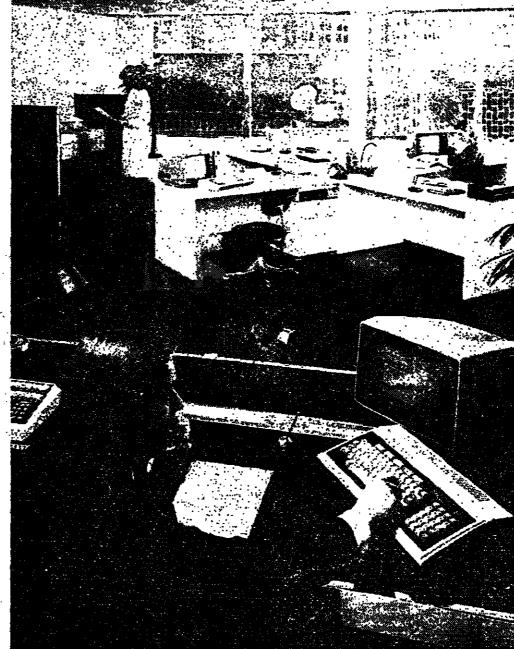
WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based on last year's timetable.

r INTEREST PAYMENTS— 2.75p xtgage 124pcBds (26-2-82)

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Fares are back on the legal stage

IN THE face of the Law Lords' principles, even though the profit ing policies and to economy and has taken the power to reverse fair" policy," it was both bold service at reasonable cost. That, and brave for Mr Justice Woolf of course, might be impossible develop policies, and to policy was nevertheless within do was deliberately to go out its statutory powersi. What is of their way to make losses by gnose appears legally not to be sauce for the Liverpudlian travelling public out of the

The judge held that under the Transport Act 1968, which applies to public passenger transport services outside London, the setting of fares at a level that would inevitably produce a deficit for the service not automatically unlawful. For Londoners the transport authority was contrariwise, bound under the Transport (London) Act 1969 to conduct its transport service in strict business principles, attempting to avoid any deficit. Outgoings must as far as practicable be met out of revenue from passengers. Why the difference?

The recent legislative history of the nation's transport policy is both informative and instructive. The Transport Act 1962 had followed traditional lines. All transport authorities were not permitted to entirely or mainly out of the

While it was left to the

NONE OF the leading Cheltenham Festival candidates have been attracted to Wolverhampton for today's rather pretentiously titled Wolverhampton Champion Hurdle.

In Birds Nest, Baron Blakeney, No Bombs and Holemoor Star it has secured the presence of four hurdlers still very much in the nublic eye.

Although I would love to see Birds Nest, who will not be asked to run in next month's Champion Hurdle, record his fifth course and distance victory I suspect the finish will be dominated by Night Nurse's stable companion No Bombs, and Susan Morris's Somerset challenger Holemoor Star.

No Rombs has had more than his fair share of training problems, but remains a high-class hurdler and if his recent run at Nottingham is anything to go by he will soon be back to his very best. Making his first appearance since October there, No Bombs nearly succeeded in

unanimous ruling just before motive was not the sole, or even Christmas, striking down the overriding consideration. They Greater London Council's "fares had to provide an efficient the 1969 Act for London proor heavily to subsidise the

County Council's cheap fares of loss. But what they could not appropriate, carry out measures, which will promote the provision of integrated, efficient sauce for the London travelling giving away rights of free travel, and economic transport facilities and services for Greater

vides that the GLC's duty is

safety of operation.

London." There were two matters of Did Parliament in 1968, and note. The London legislation be unaware of the substantial for London in 1969, switch from did not deal with the executive hody of informed opinion that

THE WEEK IN THE COURTS

BY JUSTINIAN

a "break-even" policy to one which permitted, even if it did not positively stipulate, a social policy of cheap travel for passengers? The House of Lords said no to that when the GLC pursued that latter policy after the elections of last May. But until the appellate courts determine otherwise, the rest of the country may find its transport services run. not as a business but as an instrument of social policy.

The 1968 and 1969 Acts were generally not permitted to the creatures of a single Labour siderable ambiguity. In another finance their services either Party policy. They both established the two-tier structure of passenger transport authorities and passenger transport authorities to decide what fares executives. The duty of the should be charged within any authorities under the 1968 Act prescribed statutory maxima for is to "secure or promote the . Is there really any signifithe time being in force, the provision of a properly inteservice was nevertheless to be grated and efficient system of run as a business venture. In public passenger transport to other words, fares fixed by the meet the needs of that area authorities at their discretion with due regard to the town had to be according to business planning and traffic and park-

RACING

BY DOMINIC WIGAN

Nevertheless the two-mile finding the turn of foot which event it not without interest, would have seen him bustline would have seen him bustling up Broadsword and Secret Ballot.

Holemoor Star is another horse on the upgrade. The five-year-old was a comfortable winner at Taunton towards the end of January and followed up with a facile Kempton victory over Franciscus before running the race of his life to finish a close fifth of 27 in the £21,000 Schweppes Gold Trophy.

> FONTWELL 2.15-Homeson** 2.45—Spring Rocket 3.15-Indiana Dare 4.15—Stephen Langton WOLVERHAMPTON 1.30—PC Plod***

2.30-Straight Line 3.00-No Bombs* 4.00—Beseiged 4.30—Breeze Wagon

(the London Transport Executive) save in respect of its financial duty which had no counterpart in the 1968 Act and it made no reference to town planning, neither, being a matter of real substance in deciding what was the underlying policy to be pursued. The one apparently significant fact is the omission of the word "economic" from the 1968 Act.

Much of the argument in the GLC case had turned on "economic," a word of conof the transport executive, the phrase used was that the executive should have due regard to "efficiency, economy and safety of operation."

cant difference in the alternate use of the noun and the 'adjective? It seems in any event a slender basis for deciding that the two pieces of legislation—the 1968 and 1969 Acts were designed to provide distinct policies, even if the two Acts were the work of the same parliamentary draftsman. One suspects that two parlia-

same legislative purpose. It would be strange indeed if the rest of the country was to be treated differently from London, even if the latter has special transport problems as the nation's capital.

ferent language to achieve the

Could it be that Mr Justice Woolf has fastened on to the more clearly compelling language of the 1968 Act for coming to a conclusion of parliamentary intention than the Law Lords had for coming to a diametrically opposite conclusion? fusion about transport policy If his detailed analysis of the has been worse confounded. Or 1968 Act has pointed the court are the courts going to reverse in the direction of a policy that accords more nearly with what the public thought was the sensible policy for modern transport systems, will any appeal to the Lords provide an opportunity for a re-appraisal by the Law Lords of their decision on the 1969 Act,

its own previous decisions, a The comparable section in radical departure from the strict doctrine of precedent that for "to nearly a century had prevailed.

There would be a strong disto decide that the Merseyside to attain without some degree encourage, organise and, where inclination on the part of the House of Lords, even if the composition of the Appellate Committee of five Law Lords was radically different from the five who downed the GLC, and within such a short space of time. But their Lordships cannot body of informed opinion that found their decision of December a little hard to understand

> There is another basis for adherence to the GLC decision. while acknowledging that the 1969 Act was after all founded on the same political philosophy towards public passenger trans port as its bedfellow. Mr Justice Woolf was less unfavourably impressed with the way that the Merseyside Labourites went about putting their manifesto promises into action than the Law Lords were with GLC's rush to judgment.

> Firstly, there was no question of the reduction in the proposed fares bringing upon Liverpudlian heads an automatic loss of rate support grant from central cases there had been a degree of indecent haste about their translating manifesto promises into executive action, there had been a more studied and temperate consideration given by the Merseyside authority to the desirability and consequences of their declared policy.

Moreover, the social policy towards bus fares accorded with the Merseyside Structure Plan as approved by the Secretary of State, that plan revealing transport as an important measure towards the regeneration of an area which had become depressed by the economic mentary draftsmen used dif- climate of the last few years.

But what about the other areas of the country, like the West Midlands, where the transport authority has already succumbed to the suggestion that it could not impose a system of reduced fares?

Mr Justice Woolf, by his forthright decision, has put the transport issue back on to the legal stage, when most politicians, at both central and local level, had thought that the law had uttered its last word. Contheir attitude, so as to confound us all?

Since 1966 the House of Lords

BBC 1

6.40-7.55 am Open University Dixie. 4.25 Jackanory. Scooby and Scrappy Doo. 5.00

6.25 Nationwide.

James Garner. 8.10 Panorama.

9.25 Police: Inside the Thames Valley Constabulary (The Duchess and the Detectives).

10.10 Professional Boxing: Tony Sibson v Dwight Davison. 10.45 Film '82 with Tina Brown. †11.15 Phil Silvers as Sergeant Bilko. News Headlines.

11.40 Speak For Yourself: "Getting the Landlord to

(UHF only). 9.08 For Schools, Colleges. 10.00 You and Me. 10.15-12.07 pm For Schools, Colleges. 12.30 News After Noon. 1.00 Pebble Mill at One. 1.45 Camberwick Green, 2.01 For Schools, Colleges, 3.00 Delia Smith's Cookery Course. 3.25 See Hear! 3.53 Regional News England (except London). 3.55 Play School. 4.20 Pixie and

John Craven's Newsround, 5.05 Blue Peter. 5.35 Ivor the Engine. 5.40 News. 6.00 Regional News Magazines.

6.53 Doctor Who Peter Davison. 7.20 Bret Maverick starring

9.00 News.

do Repairs."

TELEVISION

Chris Dunkley: Tonight's Choice

The programme you are most likely to miss tonight (that's 12.30 That's the Way. 1.00 News why, though it is broadcast at 11.00, I am putting it first) is plus FT Index. 1.20 Thames the opening episode of "A Confederacy Of Dunces" which is News with Robin Houston. 1.30 the new Book At Bedtime on Radio 4 Long wave. It is the only book by John Kennedy O'Toole, who killed himself when he continually failed to get it published. Eleven years after his death his mother succeded, the book was hailed as a great comedy, and has become a cause célèbre.

Julian Pettifer introduces a new series of Nature Watch on ITV with an account of the efforts of a young Welsh ornithologist to save the Mauritian kestrel by taking eggs from a mountain nest for hatching in an incubator. Police on BBC-1 shows the Reading force staking out the country home of the Duchess of Mariborough to await an expected burglary. BBC-2's Horizon looks at the second attempt to rid Ceylon of malaria.

BBC 2

6.40-7.30 am Open University. †5.40 Laurel and Hardy in 10.35 Speak For Yourself. "Our Wife." 10.35 Speak For Yourself. 6.00 Maggie.
6.25 Mr Smith's Favourite
Garden. 11.00 Play School. 11.25 Play It Safe! 2.00 pm Long, Short and Tall 6.50 News Summary. 6.55 Riverside. 7.30 Hot Champagne and First

News.

SCOTTISH

1.20 pm Scottish News, 2.00 Monday
Matneet: "In Search of Gregory,"
starring Julie Christie. 3.45 MoneyGa-Round. 5.76 Emmerdels Farm. 8.00
Scotland Today 6.40 Crimedesk, 10.30
Encore. 11.15 The Monte Carlo Show:
Anthony Nawley, Patrick Wayns. 12.15

TSW

1.20 pm TSW News Heedlines. 2.30 Tenapeed and Brown Shos. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdele Ferm. 6.00 Todey South-Wast. 6.30 The Two Of Us. 10.32 TSW Lete News. 10.35 Ledles Man. 11.05 Golfing Greats (Byron Nejson). 11.30 Barney Miller. 11.55 Postacript. 12.00 South-West Weether. 12.01 am Close Down.

TVS

Night Nerves. 8.15 Marti Caine. 2.40 Other People's Lives. 3.05 The Computer gramme.
3.30 Business Club.
†3.55 Star Movie: "The Gang's 9.00 Not the Nine O'clock 9.25 Horizon.

All Here," starring Jack Buchanan.

2.25 Maths Help.

GRAMPIAN

9.25 am First Thing. 1.20 pm North Naws. 2.30 Monday Metines: "Sun-struck," starring Harry Secombe. 8.00 North Tonight. 6.30 Cause For Concern. 10.30 Monday Movie: "Doctors"

GRANADA

1.20 pm Granada Reports. 2.30 Monday Matines: Kieron Moore in The Blus Peter. 5.16 Dick Turpin. 6.00 Mr Merlin. 6.30 Granada Reports. 9.00 Quincy. 10.30 Danger UXB. 11.30 City of Angels.

HTV

Monday Movie: "Doctors",
" starring Dyan Cannon, 12.20

10.15 West Country Tales. 10.45 Newsnight. 11.30 Télé-Montage. 5.10 Richard Hoggart. What's On Where, and Wasther. 2.30
The Monday Matinas: "Ten Speed And
Brown Shoe." 5.15 Emmerdals Farm.
6.00 Channel Report. 6.30 The Two Of
Us. 7.00 Nature Watch. 10.26 Channel
Late News. 10.35 Ladies Men. 11.05
Golfing Greats (Byron Naison). 11.30
Barney Miller. 11.55 News and
Weather in French. HTV Cymru/Welse.—As HTV West except: 12.00-12.10 pm Fisiabalem. 4.15-4.20 Mr Magno. 4.45-5.15 Sér. 6.00 Y Dydd. 6.30-7.00 Report Welss. 8.30-9.00 Yr Wythnos. 11.00 World in Action. 11.30-12.00 Perants and

9.30 am Schools Programmes (half-term repeats). 12.00 Cockleshell Bay. 12.10 pm Rainbow. About Britain. 2.00 Money-Go-Round. 230 Monday Matinee: "True As A Turtle," starring John Gregson and June Thorburn 4.15 Dr Snuggles, 4.20 Graham's Ark. 4.45 The Book Tower. 5.15 Mr and Mrs.

5.45 News. 6.00 Thames Andrew Gardner and Rita Carter.

6.25 Help! with Viv Taylor Gee.

6.35 Crossroads. 7.00 Nature Watch. 7.30 Coronation Street

8.00 Dead Ernest. 8.30 World In Action.

9.00 Hill Street Blues: Daniel J. Travanti in "Chipped Beef."

10.00 News. 10.30 "The Love Ban," starring Hywel Bennett, Nanette Newman and Milo O'Shea. 12.20 am Close: Sit Up and Listen with Robert Kilroy-Silk, MP.

† Indicates programme in black and white

A Full Life: Lord Resching, 11.00 Thriller: "I'm the Girl He Wants To Kill," 12.25 am Company.

TYNE TEES

9.20 am The Good Ward. 9.25 North-East News. 1.20 pm North-East News and Lookaround 12.30 Monday Matines: "Vacation From Marriaga," starring Robert Donat and Deborah Kerr. 5.15 Happy Days. 6.00 North-East News. 6.02 Mr and Mrs. 6.30 North-East News. 10.30 North-East News. 10.32 Briefing. 11.15 Lou Grant. 12.10 am Judaigm: "The Jewish Way Of Life."

ULSTER

1.20 pm Lunchtume. 2.30 Monday
Matines: Panic in The City. starring
Howard Dulf and Linda Cristal 4.13
Ulater News. 5.15 Radio. 5.30 Good
Evening Ulater. 6.00 Good Evening
Ulater. 6.30 Mr and Mrs. 9.00 Quincy.
10.28 Ulater Weather. 10.30 Welcome
Back Kotter. 11.00 Face Your Future.
11.25 News at Bedtime.

YORKSHIRE

1.20 pm Calendar News. 12.30
Monday Matines: "High Treason,"
aterring Liam Redmond and André
Morali. 5.00 Calendar (Emley Moor
and Belmont editions). 5.30 its a
Vet's Life. 9.00 Quancy. 10.30 There's
Life North of Watford. 11.00 Lou

All IBA Regions as London except at the following times:-

ANGLIA 1.20 pm Anglia News. 2.30 Monday Film Matines: "Skyjecked." starring Chaffton Heston. 5.15 University Chaffton Heston. 5.15 University Chaffange. 6.00 About Anglia. 6.30 Movie Memories. 10.30 Anglia Reports. 11.00 The Palace Presents: Jack Jones Parts Teach Presents: Jack Jones entertains with his guest David Soul. 12.00 Superstar Profile. 12.30 am The

BORDER 1.20 pm Border Nevs. 2.00 Film:
"The Final Eye." starring Susan
George. 3.45 Money-Go-Round. 5.15
Bygones. 6.00 Lookaround Monday.
5.15 The Sound of . . Vynford Evens.
5.30 Mr and Mrs. 10.30 Thniler. 11.40
Border News Summary.

CENTRAL 1.20 pm Central News. 12.00 The donday Screen Matines. "A Strick in Monday Screen Matines. A Stitch in Time." starting Norman Wisdom. 3.6 Money-Go-Rhund. 6.00 Central News. 10.30 Parents and Teenagers. 11.00 Central News. 11.05 Left, Right and Central News. 11.05 Left, Right and Centre. 11.45 Pans Sy Night: 12.15 am Something Different.

CHANNEL 1.20 pm Channel Lunchtime News.

(S) Stereophonic broadcast # Modium Wave

RADIO 1 5.00 sm As Radio 2. 7.00 Mika Read.: 9.00 Simon Bates. 11.30 Days Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00

Stayin' Alive with Andy Peobles. David Jensen, 10.00-12.00 John

1.20 pm HTV News. 2.30 Monday Mannes: "Sky West And Crocked." 5.15 Diffrent Strokes. 6.00 HTV News. 10.28 HTV News. 10.30 Scap. 11.00 Perents and Teenagers. 11.30 The Living Legends of Jazz and Blues lecturing Muddy Waters. 1.20 pm TVS News. 2.30 Monday Matings: "Doctor At Ses." starring Dirk Bogarde. 5.16 Radio. 5.30 Coast to Coast to Coast to Coast to Coast. 5.00 Emmerdate Farm. 10.30

RADIO

Star Sound with Nick Jackson, 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

their attitude, so as to confound us all?

**Bromley London Borough Council v. Greater London Council [1982] 2 W.L.R. 62.

† R. v. Merseyside County Council ex parte Great Universal Stores Ltd. Times Law Report, February 18, 1982.

(\$5.00 sm News. 5,03 Ray Moore (\$5). Morning Concert (continued). 2,00 Morning C

5.00 Mainly for Pleasure (S). 7.00.
"Donnarstag Aus Licht." An opera sing in German (S). 9.25-9.35 Interval Reading. 11.00 News. 11.05-11.15 Early Stockhausen (S).
Medium Wave as above except as follows: 7.00-11.00 am Cricket: Test Match Special. Sri Lanks v. England. commentary from Colombo.

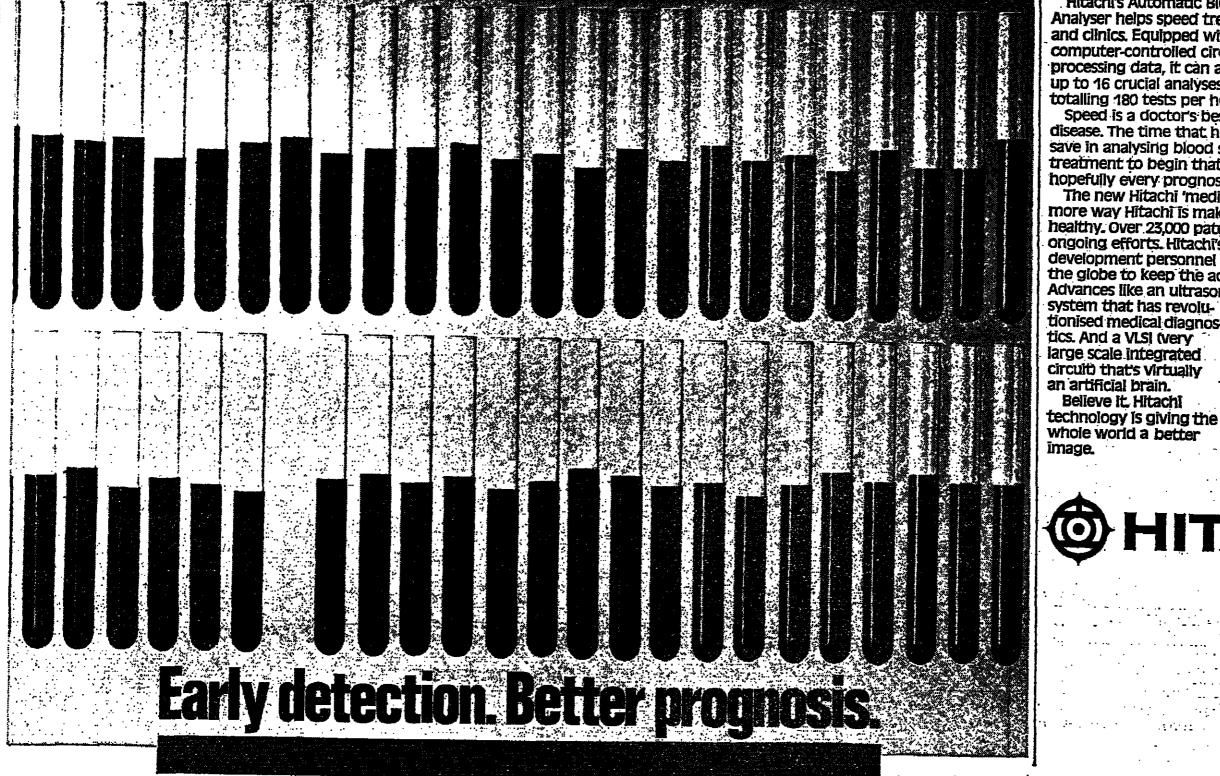
RADIO 4

6.00 am News Brefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.36 The Week On 4. 8.45 John Ebdon delves into the BBC Sound Archives. 8.58 Weather, revel. 9.00 News. 9.05 Start The Week with Richard Baker (S). 10.00 News. 10.02

Money Box. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Newmarket. 11.50 Poetry Pleasel 12.00 News. 12.02 Down Your way visits navanaires.

11,50 Peetry Pleasel 12,00 News. 12,02
pm You and Yours. 12,27 Lengt.
Decent, Honeat and Truthful (S). 12,55
Westher, programme news. 1,00 The
World At One. 1,40 The Archers.
1,55 Shipping Finecat 2,00 News.
2,02 Woman's Hour. 3,00 News. 3,02
Afternoon Fleatre. 4,35 Scatte From
A Bridge. 4,45 Story Times. 5,00 PM:
News stegatine. 5,50 Shipping Forecast. 5,56 Weather, programme news.
6,00 NeWS, including Finencial Report.
6,30 Just A Minute (S). 7,00 News.
7,05 The Archers 7,20 The Monday
Pley (S). 9,20 Kalesidoscope. 9,59
Wasther. 10,00 The World Tonight.
10,30 Scrence New. 11,00 A Book At
Bedtime. 11,15 The Financial Vorld
Tonight. 11,30 Today in Parliament.
12,00 News.

Hitachi looks ahead to find answers for today.



Hitachi's Automatic Blood Chemistry Analyser helps speed treatment in hospitals and clinics. Equipped with special microcomputer-controlled circuits and 16 items for processing data, it can automatically perform up to 16 crucial analyses on blood samples. totalling 180 tests per hour.

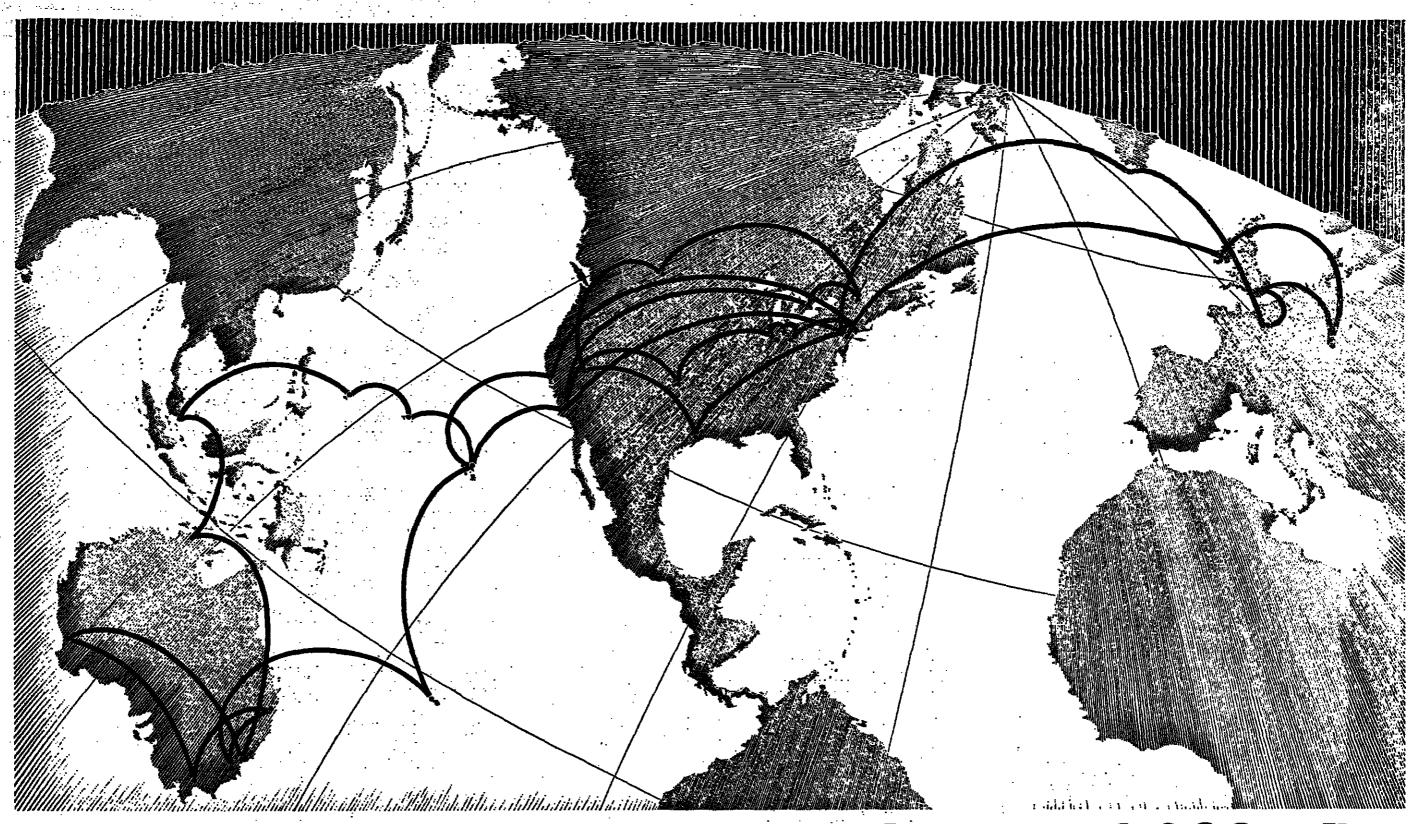
Speed is a doctor's best weapon against disease. The time that hospitals and clinics save in analysing blood samples enables treatment to begin that much sooner. And nopefully every prognosis will be good.

The new Hitachi 'medical center' is just one more way Hitachi is making life a bit more healthy. Over 23,000 patents are proof of the ongoing efforts. Hitachi's 10,000 research and development personnel are working around the globe to keep the advances coming. Advances like an ultrasonic tomography

tionised medical diagnostics. And a VLSI (very large scale integrated circuit) that's virtually an artificial brain. Believe It Hitachi







When you fly a new corporate jet over 70,000 miles in 48 straight days, virtually anything can happen. In fact, virtually nothing did.

By now, you may be aware Lebar (Singapore), Darwin, of the fact that the Canadair Challenger will fly its passengers more economically and in greater comfort than any other intercontinental corporate jet in the world.

What you may not be aware of is the success with which the first Challengers have already done so.

A crucial point illustrated best, we feel, by an actual case history.

What we did with this aircraft in less than two months, you probably wouldn't do in five months.

On September 14, 1981, Canadair Challenger #5 left its home base in Hartford, Connecticut with a crew of three, flew to New York to pick up eight passengers, flew to Long Beach, California for the National Business Aircraft Association Convention, flew 13 demonstration flights in two days, then left immediately for Honolulu and the Western Pacific.

The itinerary included Wake Island, Guam, Singapore, Kuala Lumpur, Penang, Paya

Sydney, Perth, Melbourne, Essendon (Melbourne), Brisbane, Canberra, Pago Pago, Honolulu again, and finally San Francisco, Bridgeport and Hartford.

Total miles flown: 36,000. Total days: 20. Total takeoffs and landings: 60. Average hours flown per day: 4.7. Total hours flown: 93.4.

Dispatch reliability: 100%. Special maintenance and support provisions: none.

Which is not to say that, with its Pacific tour completed, the Challenger had arrived back in Hartford for a respite.

The next morning it refueled and flew to Europe.

And, by the sheerest coincidence, so did another corporate jet.

Duel over the Atlantic.

On October 4 and 5, respectively, the Canadair Challenger and another corporate jet flew New York to Vienna, with a stop in Shannon, Ireland.

As the chart below will show you, the Challenger arrived exactly three minutes later, and exactly \$2,367.12

cheaper. One way.

(Incidentally, based on computer projections of their manufacturers' own data, even some far smaller corporate jets with shorter range would not have achieved any meaningful advantage over the Challenger in fuel efficiency, while some corporate jets of comparable size would have required about 1/3 more than the Challenger.)

Which is still not to say that the Challenger then flew home for a respite.

Instead, it flew home for a tour of North America. By way of London, Paris, New York, Houston, Las Vegas, Pittsburgh, Montreal, Toronto, Calgary, Los Angeles, Cincinnati, Kansas City and Akron. To name just a few of the stops.

Total miles flown: 70,000. Total days: 48. Total takeoffs and landings: 111. Average hours flown per day: 4.1. Total hours flown: 195.9.

Dispatch reliability: 100%. Special maintenance and support provisions: none.

Which is *still* not to say that the Challenger then flew home for a respite.

At this writing, it is uninterruptedly flying its missions, receiving only routine maintenance and parts support and giving no one even the slightest degree of grief.

For a detailed explanation of how a corporate jet so new can possibly be so reliable, we suggest you ask the man in the best position to know. His name is James B. Taylor and he's the President of Canadair Inc. His address is 274 Riverside Avenue, Westport, CT 06880 and his telephone number is (203) 226-1581.

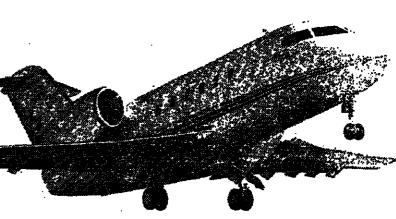
There's a great deal he can tell you himself. And, if you like, he can even have you meet with the maintenance people responsible for that Challenger.

They have lots of free time on their hands.

In the Mideast business world, TAG Aeronautics Ltd. is the exclusive distributor and representative for Challenger sales and support. For further information, contact Adel A. Oubari, Vice President, TAG Aeronautics Ltd., 14 Rue Charles Bonnet, 1211 Geneva 12, Switzerland. Phone: (022) 46 17 17. Telex: 289 084.

TOTAL TIME TOTAL TOTAL FUEL **EN ROUTE DISTANCE CONSUMPTION FUEL COST*** CHALLENGER 8HR.+51MIN. 3,760NM 2,782 GAL. \$4,673.76 (OCTOBER 4) **ANOTHER** 8 + 2 CREW 8HR.+48 MIN. 3,760NM 4,191 GAL. \$7,040,88 **CORPORATE JET** (OCTOBER 5)

Flight summary: New York-Shannon-Vienna-October 4 and 5, 1981. ed on an average cost for jet fuel of \$1.68 per gallon. From a national survey of U.S. fixed base operators as reported in the November 1981 assue of 61



canadaır challenger

THE MANAGEMENT PAGE

Siemens labours under a technological burden 🔽

BY STEWART FLEMING

SINCE the near collapse of its rival, AEG-Telefonken, in Siemens, 's (hird West largest industrial company, has been expected to carry the banner of West German ludustry into the brave but intensely competitive new world of microelectronics.

With sales of DM 34.5bn (\$14.7bn) Siemens is the world's fifth biggest electrical equipment manufacturer. It has always occupied a special position in West German in-dustrial history as a paragen of technical and managerial excellence.

As the evidence mounts that other German companies such as Triumph-Adler, the Volkswagen subsidiary, have fallen behind their international competitors, and as German industrialists have come to recognise the scale of the challenge facing them if they are to maintain their hold on world markets, so the hopes pinned to the name of Siemens have

So the evidence that today even Siemens has failed to adjust quickly enough changing conditions in its markets has shaken West German industry. If Siemens bas some catching up to do with its international competitors,

the midst of a period of West German economic recession and world economic weakness.

The extent of the strain became all too evident in 1981. the third successive year of falling profits for the company, at the end of which it suddenly announced plans to cut its workforce by 7 per cent during the current financial year.

Much of the damage occurred in two of its key divisions, computers and components-the latter includes its integrated circuits operation - both of plunged into heavy

The computer problems are explained by heavy partly and D costs, aggressive pricing by IBM, which dominates the German market. but above all a two-year delay in the introduction of the connew 7561-71 computer range because of technical

TECHNOLOGY

then how much more daunting is the task facing dozens of other companies? The question springs all too readily to mind in a country like West Germany, which is currently gripped by a pervasive and excessive pessimism.

The 25 per cent fall in Siemens' share price and the autumn rumours that the company was facing a disastrous fall in profits for its financal year to September were in part manifestations of this pessimism. In the event at the end of

January the company announced a 19 per cent profits fall to DM 509m. This figure was arrived at after putting aside provisions of DM 500m to cover currency risks and DM 285m against possible losses on contracts taken at prices which might prove to be unprofitable. In addition the company was still able to disclose liquid assets of over

But if the stock market's fears were exaggerated, and the reserves Siemens has built up in the past decades through its conservative accounting practices still provide it with a deep cushion of financial resources, there is more than enough evidence

that the company's apparently effortless command over its THE TWIN challenges of was not Siemens' tendency to technological and market overestimate its technical change have struck Siemens in strength which was the main problem; the high technology suffered a disproportionately small part of the loss. Instead it was the company's penchant for making too many products

> throughout the company. the components division was made abundantly clear in November when, shortly after announcing the closure of two plants, the company also announced the resignation of the divisional head. Dr Friedrich Baur, a brilliant technician who is widely credited with helping Siemens to catch up in micro-electronics, but could not adjust to the more profit-conscious policies which

Dr Kaske's avowed intent to discrete components which the group makes and to trim and industrial environment is a thing of the past.
Siemens built itself into

the world's fifth largest electrical equipment manufacturer on the basis of its mastery of electro-mechanical technology and a rock solid home market for telecommunications equipment. In the post-war period, for example, the West German Post Office and Siemens together developed perhaps the most modern telephone network in the world, an electro - mechanical, copper-

based analogue system. But five years ago even Siemens had to admit that this had been made obsolete almost overnight by the unexpectedly rapid emergence of more cost-effective and versatile digital switching

The micro-electronics revo-

lution which dealt this blow to Siemens telecommunications business is penetrating every part of the group's widely diversified operations. This would be enough of a challenge in Itself if Siemens had been a leader in this new technology. But it has not. After a slow start the company has made fast progress in catching up with the micro-

electronics technology which

will be the basis of its future growth. Its efforts can best be seen from the marked increase in its research and development budget expenditure which is written off annually against the profit

Thus in 1975 when the company was still heavily involved in the development of the soon-to-be-obsolete ana-logue telephone switching equipment its R and D budget was DM 1.5hn. Last year it was over DM 3hn, higger as a proportion of sales than IBM's.

Traditional

Closing the technological gap is only part of the challenge Slemens faces in order to maintain its position as a world leader in the electrical industry, however, for the advent of micro-electronics is fundamentally changing the nature of many of the busi-nesses it is in.

Partly as a result of the convergence of telecommuni-cations and computer technologies brought about by the micro-chip, new markets are opening up. They require not only new products but different development marketing strategies

from those which Siemens followed traditionally. New competitors are emerg-A big question for Siemens,

now, for example, is whether the break-up of the world's most powerful telephone company, American Telephone and Telegraph, as the result of an anti-trust settlement in the United States, will mean that its Western Electric manufacturing subsidiary will become a much more aggressive competitor in world telesications markets. Siemens, even with its R and D hudget, is no match for AT&T's Bell Laboratories.

Another American giant with a powerful research base

-IBM-is also pressing into
fields related to Siemens' telecommunications business.

with the new Along competitors, of course, Siemens still faces its old rivals like FTT and L. M. Ericeson in the telecommunications business, which now accounts for one-third of its sales and is potentially its fastest growing division.

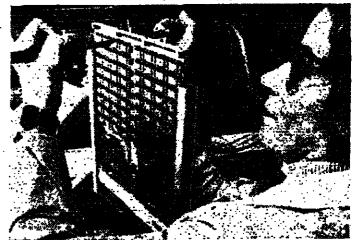
The new competitors alone are only part of the problem, however. At the same time markets is changing so too is the pace of development.

Electro-mechanical logy evolved only slowly in the first 70 years of this century, allowing companies like Siemens plenty of time to develop new products and allowing it to put great emphasis on engineering

quality. The advanced analogue switching system Bundespost which for the hegan developing in 1968 was 10 years in the making before it was scrapped in the face of the micro-chip revolution. The rapid pace of technological change in the industries Siemens serves means that such patient and painstaking development of new products is a luxury Siemens can no longer afford. Dr Max Günther, a main board member, says that the company is putting

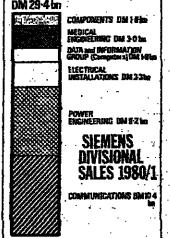
shortening the period between development and production of new products, for example, by making increasing use of computer aided design.

But for such a change to be fully effective will require the speeding up of decisionmaking processes and a change in the corporate culture, not only in development but also in production



Dr Karlheinz Kaske: sees the advent of micro-electronics fund mentally changing the nature of many of the businesses Siemens is in





The reasons for this decision made sense at the time but it has meant that the company cut itself off from the very mar-

At a recent press conference ment in the "office of the Dr Kaske made a point of stress-future." Dr Kaske made a point of stress-ing that Siemens' sales in the U.S. have increased in the past its immense resources to com- DM 2.5bn partly as a result of a series of acquisitions at the end ing office equipment market; of the 1970s. But the company's critics maintain that its policy then of acquiring a series of relatively small companies in some of the fields in which it was interested, or alternatively following the typically German approach of buying minority

For Siemens' shareholders perhaps the most reasurring aware of the challenges it is

ware engineering department in the computer division.

Dr Kaske has made it clear both internally and externally, ket that was setting the pace in and not just in relation to the the electronics industry. Siecomponents group but also in mens was thus destined to be other divisions such as computers, that the days when Siemens could afford to do everthing are over.

Dr Kaske is also making it clear that co-operation agreements are a key element in the company's strategy. Examples are the ones struck with Fujitsu for the supply of big computers and with Fujitsu Fanue in the field of numerically controlled machinetools.

Asked recently how the company would face up to the challenges it faces in a period when it can no longer readily predict how its markets will evolve or who its competitors will be, one senior executive answered "flexibly." Introducing this flexibility into any large company is hard. But injecting only sold one digital public to put little emphasis on the for example, through the it into one which has tended switching centre on world mar- highly competitive and there- development of an in-house to move slowly and carefully kets, to the South African post fore potentially less profitable micro-electronics capacity and is perhaps the biggest challenge

New strategies in search of profitability

much for Dr Baur, insiders say. sector; it is also competing with reacted so slowly to the chal-Siemens executive and managing board member to bow out before the new policies. In for too many markets-a weak-April of last year, as Dr Kaske ness which, according to Dr set about re-organising the loss Karlheinz Kaske, Siemens' chief making computer operations, Dr Anton Peisl, then the division's executive, is being tackled head, accepted re-assignment, That it is being tackled in his job going to Dr Claus

Computers have been a prob-lem child for-Siemens for years. Along with the resignation of Dr Peisl, the company last year undertook a reorganisation of Dr the division's operations, splitting up its troubled small business computer sector and dividing its activities between the telecommunications and power engineering divisions. The problems Siemens has

Dr Kaske is introducing. had in its computer operations -particularly in small business cut back the around 100,000 machines—have been seen as evidence of the difficulties the company has faced in adjusting its marketing methods to that

He was not the first top fast-growing specialist suppliers, such as Nixdorf Computer or American challengers in the West German market such as

> Nor is everything well in telecommunications, the third key division where the microelectronics revolution is already having a crucial effect. One of the traditional reasons why the company was able to build up such a strong position in world telecommunications markets selling up to 35 countries—was its strong domestic market, underpinned by its dominant position as a supplier to the Federal Post Office, which after the war rebuilt the West German telephone network into

The close-perhaps too close co-operation between Siemens and the Post Office and the very efficiency of Germany's telephone system helps to explain

one of the finest in the world.

lenge of digital switching.

Fortunately, the Post Office's strong financial position and the Government's recognition of the importance of telecommunications both at home and in export markets—have prompted the Post Office to move rapidly into the development of a digital telephone network and also ultimately into a glassfibrebased transmission system. So Siemens can again count on a strong and technologically progressive domestic market to underpin its international telecommunications business.

its traditional guaranteed share that home market. (The strategy of the Post Office was described on Page 24 of the Financial Times on February

Although the company has

development of its digital private exchanges. It sees the sale mens was thus dest of such private exchanges as one forever catching up. door into the market for equipfuture." But Slemens has yet to

demonstrate that it can muster decade from DM 250m pete effectively in the emergthere have been suggestions that an acquisition might help the company move faster. Over and above all the divisional problems, a more general factor is apparent. Some com-It cannot however count on pany officials concede privately

that in retrospect an important shareholdings, is flawed... aspect of Siemens' post-war strategy was probably a mistake, perhaps the most reasurring This was the decision to concensign is that the company is well trate on rebuilding the worldwide business network which facing, and that it has begun was destroyed by the war and to tackle the most fundamental,

company initially office, it has been making more U.S. market until the late 1970s, the creation of a 700-man soft. Siemens faces. EDITED BY ALAN CANE

UPS-or downs

When mains tails or falters UPS (Uninterruptible Power Supplies) will keep you computing.

<u> EMERSOR</u>

Controlling poultry packing

COMPUTERS are now starting to move into the already highly mechanised world of food processing. Fraser Williams
Group's Canadian subsidiary
Buckley and Kelling, has
developed a computerised system for controlling poultry or

meat packing plants. Designed around Honeywell's Level six computers, the system controls the production line, processes orders, handles ship-ments and keeps track of the inventory.

The first system has been installe din one of Canada's leading poultry packers. Tendriresh, Data for production control is gathered automatically from microprocessor based weighing scales. The data is used to build up detailed in-formation about differences in ordered and delivered product weights.

More information on 021-550

Microprocessors for the farm

MICROPROCESSORS can now be found on the farm thanks to a Loadtec Micro, a Mother-well company, which has pro-duced an advanced weighing system for farmers.

The machinery monitors the intake of food consumed by animals so that the farmer can adjust the quantity of food eaten to ensure that animals have a balanced economical

More information on 031 335 7840.



New drilling rig promises improved operator safety

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has construction. produced an advanced design for a semi-submersible drilling rig which can operate in such harsh oceans as the Atlantic, than 50 are being built, in-off castern Canada and the cluding 15 in Japan, nine in

The new BS 8000 DP design is said to meet all latest national safety regulations and can be used in severe Arctic weather. It was off the east coast of

Newfoundland that the Ocean Ranger, built by Mitsubishi Heavy Industries of Japan, sank last week with the loss of 84 Unnerved by the capsizing of the Alexander Kielland rig

nearly two years ago in Nor-wegian waters, when 123 people died, the Norwegians, for example, have tightened safety rules and will put future rigs under stricter scrutiny, British Shipbuilders orders for three semi-sub-

mersible rigs at its Scott Lithgow and Cammell Laird yards, but it is Asia which is making most of the running in new designs, in order to reach a catenary moorings in 450

Cut-out to beat the wiper problem

AN electronic cut-out to allevi- out allows one wiper motor to

As a user, specifier or buyer at microelectronic is, Microsystems '82 is an important date in your diary.

Admission to the exhibition is by business registration and costs just £1.00 at the door.

Altogether, some 120 semi-

submersibles are used around the world for drilling. More South Korea, and four in Singapore. In Europe, apart from BS, Finland is building Norway five, Sweden three and France four. Three are under way in the U.S.

has lagged behind in offshore of BS. Its hull connguration work. But BS, nationalised in minimise heave motion and maximise load-carrying capacity. business, especially with its new design which will cost £80m to

Its BS 8000 DP design will form part of the corporation's design team had decided to take efforts to win more offshore a "quantum leap" and go for work next to its growing merchant ship order book, as defence activities are likely to tail off with UK spending cuts.

Mr Robert Atkinson, chairman of BS, said of the design:
"We have taken as the bottom rung of our development ladder of the design in taken as the bottom rung of our development ladder."

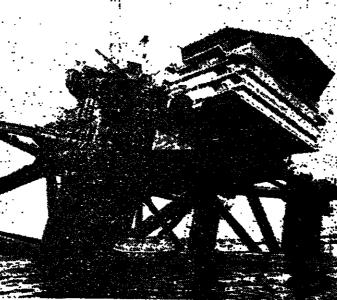
section of the market beyond capability of

BS said the design integrates the most advanced drilling techniques with long self-sustaining periods on station under Arctic conditions. Buyers can have the option of ice-strengthening and full environmental protection of

The design work on the rig was done by VO Offshore, part of BS. Its hull configuration will The operating weight is 40,400 tonnes, including a payload of

Mr Atkinson said that the BS

We have taken as the bottom puterised thruster control) for rung of our development ladder driling in 1,500 metres of the top rung of the present water and dynamically assisted





The Henrik Ihsen, sister rig to the ill-fated Alexander Kielland which was lost in the North Sea developed a list while at anchor in Stavanger. (Right) an artist's impression of British Shipbuilders' design for a semi-submersible rig to meet the harshest of sea

One prospective area for increased drilling work is in the North Sea off Norway above latitude 62 degrees. Here, drilling has been limited to summer because of the harsh conditions. But this may be extended beyond summer months.

the BS heavy-duty rig design is background of steady growth in its ability to survive with one column out of action, a deck which will be watertight even in case of emergency.

if it heels over, and plenty of of 12 per cent amoually over the bulkheads to contain flood water past two years to just under 10 The efforts of BS to increase longer-term trend-demand for eyond summer months. its limited penetration of the semi-submersibles could be Among the safety aspects of offshore market come against a between four and six a year.

the world's mobile drill rig fleet. Though this appears to have tailed off from a growth peak

Mobile vessels are also being increasingly used for producdrilling Around the world, 13 mobile

rigs are used in production. seven semi-submersibles, three jack-up rigs, and three tankers.

After four minutes the two

Polaroid believes the system

tive to those wishing to make business transparencies in-

house, in confidence—there is

to dry before framing.

The BS 8000 DP is designed for

rop-spray aircraft from Britain Polaroid fast overhead

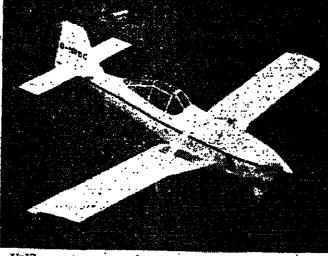
ate problems with multiple motor windscreen wiper systems has been developed by through a single switch opera-Dudleys (Redditch). The cut-THIS is the Fieldmaster, the first crop-spraying aircraft to designed in Britain since the mid-50s. The aircraft was put through its paces at Farnborough last week (as re-ported briefly in Friday's editions of the FT).

Designed and developed by NDN Aircraft in the Isle of Wight, the Fieldmaster is the higgest airplane in its class. It has a 50 ft 3 in wingspan and is powered by a Pratt and Whitney turbo - prop engine. Range is 700 miles (1,297 km). The tank holding the material to be sprayed —fertiliser, pesticides or her-bicides—is an integral part of the fuselage and located between the engine and the

The tank with a capacity of 93.3 cm ft is constructed in titanium which is strongly resistant to chemical corrosion, while the nozzles located on the undersides of the wings give a spraying swath of 75 feet. The designers see the aircraft in two other roles, one as a water homber for forest fires and secondly

Arrangements for manufac-

cockpit.



Unlike most crop-spraying aircraft in operation, known as 'tail draggers" because of their nose-up flying attitude, the Fieldmasters with the now more usual triangular configuration of landing gear, provides the pilot with a much better forward view when at low altitude. The Fieldmaster should capture for Britain a big share of the world market for this type of aircraft.

turing have not yet been decided but it is expected that the first models will ome available in about 15

equipped aicraft will be about £400,000. MAX COMMANDER

colour transparencies PUT ON the market by Polaroid run through the table-top (UK) of St Albans is a new 10 Polaroid 10 x 8 film processor. x 8 film which can make colour After four minutes the two

transparencies for overhead are peeled apart and the projection within a few minutes positive transparency is allowed of exposure. The film can be used in any

10 x 8 camera to produce a will prove particularly attraccolour negative which is then placed in contact with non-light sensitive polyester positive material, with its attached pod no requirement for external of processing chemicals, and processing More on 0727 59191

Intel third-generation INTEL, the significant U.S. minimum gate delay of only

technology improvement

semiconductor house, has intro- 200 picoseconds compared with

duced a third-generation technology which, it claims, will improve significantly the density and performance of the compared with the comp memory components and micro-technology and dry etching. The company has built a 4K It is called HMOS-III (for static ram with 15 nanosec high-performance, metal-oxide access time to demonstrate the semiconductor). It gives a potential of the new process.



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THE ARTS

Architecture

Drama in the theatre

by COLIN AMERY

the 20th century in England —is the theatre a place for will contain a large chapter on spectacle to be observed or a the theatre buildings of the period. As besits the birthplace period. As befits the birthplace of Shakespeare there has been a continuing tradition of theatre building, from the splendowrs of Frank Matcham's ubiquitous fiorid sudditoria to the post-war theatre boom which created good buildings in the regions. good buildings in the regions.

It is the post-war expansion that is responsible for the belated birth of the newest theatre in Britain, the home of the Royal Shakespeare Company in the Barbican Centre for the Arts. Of course the most sig-nificant theatre building success was the creation of the National Theatre on the South Bank. I do not think that can be attributed to the post-war boom as it had a gestation period that lasted for almost 125 years.

At the National Theatre the architect Sir Denys Lasdun created a building that has a kind of cosmic significance. I believe firmly that in the great Olivier auditorium he has made a space that is intellectually linked to the amphitheatres of Greece. It is a building that is part of a long European tradition and it serves the drama in a way that is often uplifting.
The National Theatre has its critics but it has the architectural authority to answer them and time will make changes to a building that has

been built to absorb them. When the Barbican auditorium opens to the public with previews of Henry IV in May the RSC will occupy one of the most interesting new theatres in Europe. Playgoers will have a marvellous opportunity to compare the qualities of the Barbican National and the Barbican—two What is venues born of the great debate about the form of to capture at the Barbican? In theatres that has raged from one word, infimacy. This is a immediately after the war.

The history of architecture in centres on one crucial factor at a substantial enough level.

ne 20th century in England —is the theatre a place for — Two thousand people a night and the audience.

There is the added difficulty today that theatre audiences and indeed the lovers of the arts in general are used to a TV diet. The nature of the illusion has changed in this century in an unparalleled way. There is something akin to an archiac ritual about a performance by the RSC—not that the ritual has lest its meaning—and the building of a new home for the company is very much like the building of a Temple and consequently the role of the architect acquires a special significance in the design of a new theatre.

The architects in the Barbican are the erchitects for the whole Centre, Chamberlin Powell and Bon. From the days when they were given a brief by the RSC in 1968, the design of the auditorium developed. of the auditorium developed with the architects working closely with the RSCs designer.

John Bury, and with Peter: Half
and Peter Brook and Peggy

Ashcroft. From the beginning
the desire was for a completely different kind of theatre from the company's home at Strat-ford. Indeed over the years the interior at Stratford, as originally designed by Elizabeth Scott in the 1930s, has changed com-pletely and been brought nearer to the ideal of the

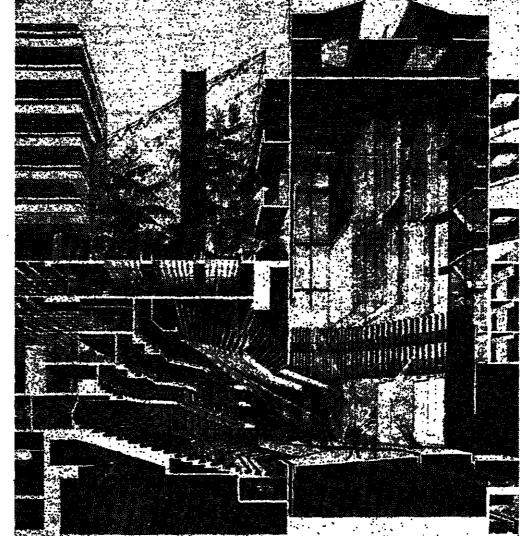
What is the theátrical essence that the architects have tried quality hard to establish in a This debate probably goes way that also allows the box back to Shakespeare but it office receipts to be maintained

would pay handsomely but it would not produce intimate theatrical magic. The new Barbican seats 1,160 people. The audience will sit in rows that are completely undivided by gangways. To retain as much intimacy as possible the volume the auditorium has been limited by the exclusion of all gangways or circulation spaces. You will enter the theatre from stepped foyers. At the end of each row of seats is a door that leads only to that row. There are three balconies of two rows of seats each that project forward towards the stage. The whole structure of the roof of the theatre is supported by beams that are outside the main

The result of this architectural ingenuity means no one is ever more than 65 feet from the "point of command"—the position of an actor at the centre of the raked stage. This is an extremely rational and clear solution and already the theatre has a very good "feel."

The kind of democracy that the design represents, with every seat having as good a view of the stage as every other seat, was to have been reflected in a common seat price. In fact this policy will only apply to the studio theatre, The Pit, and the main auditorium will have three price breaks.

The Barbican has learned a lesson from the unfortunate experience of the National where the elaborate stage machinery has never fulfilled its promise. The stage equipment and the fly tower have been designed to accommodate sets that are likely to be made in Stratford. There is no revolve and no complex computerised systems-after all actors cannot be computerised. The colours of the auditorium are gradations of brown, giving



Cross-section through the new theatre shows the height of the fly tower and the concentration of

room. The only visually jarring element is the mass of stage lighting that has been slung enthusiastically from the ceiling. Technical advisers always recommend an abundance of

their particular products and in the case of theatre lighting little advance has been made in its actual design—it can be very obtrusive.
What kind of architectural

experience can be expected when you pay your first visit

a sense of a dark and important to the Barbican? The architects are keen that the nature of the materials should be understood. You first step on to hard surfaces, brick floors, and then wood, and finally carpet. As the architect Christophe Bon rightly says: "Carpet is a noble material." The walls are masonry-in fact concrete with a dark aggregate from the West Country.

There is an important transition from the large, nobly scaled foyers to the small glow-

ing shrine that is the theaatre. Wood surfaces are thick and substantial, hand-rails are solid bronze-there is a feeling that the place has been built to last hundreds of years.

There is a skilled architec-tural imagination at work in the Barbican Arts Centre: it may not be a fashionable one but it is omnipresent and powerful. The new home of the Royal Shakespeare Company gives the whole centre a warm and human heart.

Elizabeth Hall

Eugene Istomin

Hereabouts we think of Mr pulse that it scarcely built to-Istomin chiefly in the cele-ward its luminous peroration. brated partnership with Isaac In detail, the playing was full Stern and Leonard Rose. On of musicianly pleasures. his own, as yesterday after—The signal successes were noon, he is a pianist of con-Mozart's late D major Sonata, sistent distinction, gentle in K.576, and the 1924 Sonata of manner, without histrionics. Stravinsky, Istomin adopted a The manner is adapted delicately to various music, but remains recognisably the recognisably Istomin manner. It expanded entirely convincing. If the sufficiently to measure the Mozart Allegro wanted slightly breadth of Beethoven's "Waldstein " tedly bold and forthright, its sudden swells more like calls to attention than surges of feeling, and the midpoint tently and percussively; in Introduzione more declamatory Istomin's hands it had a drive of the outer movements faded in their middles, and had

endings. The rest of Istomin's music was on a smaller scale. Bach's E minor Toccata and Fugue, BWV 914, was amiably didactic in style, contrapuntal points carefully marked and savoured: cated: the op. 15 Nocturne in on March 10, 12 and 15.

F'sweet and simple, without dramatic pretensions in its from Germany, Greece, Denmark,

to be forcibly revived for the

surprisingly similar address for each of them, mutatis mutandis of course, and it was entirely convincing. If the more finger-brilliance, Sonata-in fact the Adagio was beautifully etched second subject was unexpec- and the Alegretto had as much glitter as poise. Stravinsky's Sonata is commonly played (when it is played at all) insisthan questioning. Some of the morher-of-pearl sheen, suave articulation, perfectly judged breath-pauses, and an Adagietto -set out with daring astringency-that caught the temper of Stravinsky's neo-classical lyric vein to admiration.

Gobbi master classes Tito Gobbi will be at the Wigmore Hall, Wigmore Street, pianists Bach, not for purists. Wigmore Hall, Wigmore Street, At the end of the programme London W1, to give public came Chopin, fairly domesti- master classes in Italian opera

DAVID MURRAY

central section, and the 4th Switzerland, Yugoslavia, the

Parsifal in Geneva

by ANDREW CLARK

those involved in day-to-day Good artists don't always make versa. So it is a courageous man. who, on spending the major part of his career in opera administration, then puts his hard-earned reputation at risk by crossing the fence to stage direction.

Rolf Liebermann, whose first production was unveiled in Geneva last month probably had more to lose than most. His work at Hamburg and Paris in the 1960s and 1970s established him as the doyen of Europe's opera house directors, and though his creative impulse, as shown in his composition work, has never been in doubt, there are those Tho questioned the wisdom of his decision to step into such an artistic minefield as a new production of Wagner's Parsiful in its centenary year. At the age of 70, Liebermann

is unlikely to entertain visions of an entirely new career, yet it is understandable that, after laying the foundations for so many other people's artistic successes, he should want a proper bite at the cherry himself. The opportunity came through his former deputy at the Paris Opéra, Hugues Gall, who now runs the Grand Théâtre at

Wagner was never one of the great successes of Liebermann's tenure at Hamburg and Paris. He could have chosen easier material for his production debut, but it is obvious he has thought long and deep about Parsifal. He sees Wagner's last Parsifal. He sees Wagner's last work as a political parable on the corrupting influence of still awkward of gesture and has power, open to parallels in the year 2000 as much as in medieval times. Montsalvat is Jon Vickers sings the title role

The divide between those who from the abuse of power, a picplan and administrate, and ture of life after the holocaust, The temple of the Holy Grail production telds to be as well- is a tumble-down ruin amid a defined in the performing arts charred and congealed landscape as in any other sphere of work. of destroyed life forms. Klingsor's castle is a nuclear arsenal, good administrators and vice and the spear the ultimate symbol of power to destroy or create.

The drawback of depicting such images so elaborately, however, was that the solemn grail scenes had all the wooden appearance of turnid Wagner tradition. In this respect, Liebermann was let down in Acts 1 and 3 by Petrika lonesco's heavily overdone sets. They took up far too much space and made some entries look ridiculous.

This was made all the more effective by the uniformly high standard of performance. Pride of place must go to Yvonne Minton's Kundry, a characterisation of tremendous power and vocal accuracy. She responded marvellously in longer passages to Horst Stein's expansive phrasing, and drew maximum impact from her sharp outbursts. But she was better the penitent and savage than the seductress. There was little sensuality in either voice or appearance in Act 2, though her sudden physical transformation back to the servant girl immediately after the kiss suggested this might have been a

production idea. . Siegfried Jerusalem's air of youthful naivety and his hand-some looks make him well-suited to sing Wagner's heroes, and his voice has appealing lyricism and power. But, as in his Stolzing last year at Bayreuth and not yet learned how to develop character as the drama develops. depicted as a society reeling in three later performances.

Wigmore Hall

Cherkassky

by MAX LOPPERT

Shura Cherkassky's art, unlike inspired Chaikovsky, sounded that of almost any other leading authentically charged: the final planist of the day, is essentially Allegro rirace built up grandly. alchemical. The base materials The work is long, and repetitive, of the instrument are assembled and its models are obvious; with transmutation in view; given such inventive and wholly sometimes, when a spirit of purposeful handling, it affords impatience or perversity infects a genuinely gripping musical the experiment, fascinating experience. artistic retoversions, even If nothing monstrosities, can result. Satur- proved quite so startling, even day's recital, one of the most the familiar works were made to

this piece, as arid as the (contemporaneous Violin Concerto) is fresh, Chaikovsky's neobe due for re-examination. The

If nothing else in the recital

brilliant of my experience, found sound unfamiliar, and in wholly him truly and profoundly positive ways. The slow move-creative; gold was produced. ment of the Prokofiev Seventh Its most unlikely and enthral- Sonata, which can seem under ling feat of production came at lesser hands hardly more than the start of an all-Russian pro- a glutinous reverie, became a gramme (latest in the Wigmore's perfect small tone poem, ringing current Russian series), in the and whispering, as from near rarely heard Chaikovsky G and far and every conceivable major Sonata. Op. 37. "A dinopoint in between, with exsaur." David Murray deems it quisitely sited voices and their (in The Book of the Piano). "In echoes; the notorious Precipitato, more rather than less exciting for never being traduced into mere keyboard-pounding, classical manner sinks to its combined suzvity and ferocity. most inglorious level," is David Having heard Cherkassky's Pic-Brown's verdict in the New tures at an Exhibition, is there Grove. A single previous, anyone in his audience still willencounter with the piece gave ing to repeat the old saws about me no cause to dispute those Musorgsky's unpianistic piano judgments; after Cherkassky, it writing? The Balakirev finale seems that received wisdom may a little known wholly delightful short Tarantella, followed by long opening march movement, Cherkassky's matchlessly colour-struck from the outset with the ful and vivacious account of highest command and unflagging Islamey-was a climax where energy, came to life in every bar; one thought no more were posthe slow and scherzo movements, sible: and then came the

Porchester Hall, W.2

at the Porchester Hall, plum in the Porchester Hall on Friday the heart of the original London psychedelic movement of the late sixties. was too good to Grateful Dead. They sounded miss. Memories of long hair rather like the bands of 1982. and kaftans, smouldering joss. The two with serious ambisticks and freaky light shows, as a passive crowd haddled Six, were a nice contrast. I premeandering raga-like music took them on mystic acid induced trips. Well, that was the memory.

Masonic ball, late 1920s muniart deco ornamentation to give it period charm. The sparse crowd looked as if it was auditioning for a film about the Beatles—all mini skirts and thin ties. One or two could have stepped off the Sergeant Pepper album, but in the main this was Swinging London reincarnated

The state of the s

zonked out Haight Ashbury. Perhaps the record company flying this psychedekic kite in the form of an album, Splash of colour, is right. The British rock groups of the late sixties—the Yardbirds, the Move, Trafficwere influenced by the Califormian drug culture which made Son Francisco the new

THEATRES

A chance to take the tempera- Shangri La. But only at the ture of the psychedelic revival margins, and the three bands at

together in a drugged haze ferred the Staircase. They looked very good, vital now that young girls are getting interested again in bands, and their mix of original material Porchester Hall turned out with half forgotten sixties to be the perfect spot for a classics, like the Yardbirds, "Heart of Soul," was effective. cipal solidity with just enough They also managed a psychedelic ending, the band being joined on stage by female admirers for a communal roar of Van Morrison's "Gloria" Their light show was pathetic.

Mood Six, favourites for a record contract, are more professional Their Regency buck gear rather than was very reminiscent of the Kinks but their sound was more solid heavy metal with plenty of feed back. In fact the distortion ruined what might have been some good songs. They looked determined and experienced and capable of following another musical track if psychedelia proved a blind alley.

MITONY THORNCROFT

Haymarket, Leicester

Psychedelic revival | Live and be Hanged |

Ann Bonny and Mary Read, hanging by pleading pregnancy. On the whole, however, the the two lady pirates who flashed across the stage of the Aldwych a few years ago, have surfaced again, to play against a more appropriate background. Peter Whithread's Live and be Hanged Lawyer Kinsale, by my pro-is a romance, with love that is motion and my hopes of glory." lasting and never lesbian, and in the mouth of a lieutenant in which the girls are usually to would blandly suggest that Mr be found in the forefront. It Whitbread should re-write most adaptable stage. In their last play, Ms Bonny

and Ms Read seemed to be vaguely promoting Women's at holiday times.
Lib. Mr Whithread has no such It ils a never-fa idea. If he has a serious point to make, it is that piracy wasn't all that much worse than the activities of a British Government in the West Indies during the 18th century, when they provided slaves not only for the British settlers but for the Spanish colonies as well. This point is well put by John Cun-ingham as Calico Jack Rackham, captain of the pirate ship Fancy Free, in which the ladies served (or rather were served, by each of the men in turn, but never on Sunday). It was the last point he put to Governor Woodes Rogers before he was hanged. Both the ladies, however, save themselves from

play is pure romance, not to be taken any more seriously than Treusure Island. Indeed we hear lines like "I swear to thee. lots of good hard fighting in the Royal Navy. Here I is given a wonderfully mobile of the play for the lively songs production by Michael Meacham mostly based on shanties, and on the Haymarket's generously even some of the dialogue, are overtly bawdy, while in every other way this would make an ideal piece for young people It ils a never-failing pleasure

to watch, anyway, with the constant changes of scene designed by Patrick Robertson swiftly and economically achieved while the action goes on, and attractive slides paint the Caribbean backgrounds. There is much doubling: 60 parts are played by 18 players and only the principles can hope to offer performance in denth. Mr Cunningham's Calico Jack, in spite of his republican notions, is a gentlemanly chap: but neither Amanda Hillwood nor Karen Mann, as Ann and Mary, could be called ladylike. They are real tearaways, as pirates should be.

B. A. YOUNG

Scherzo so teasingly skittish of United States and Great Britain. if not the most melodically encores . . .

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DOWN

Dressing up could make

5 Sheltered position taken by

6 Georgia's barge used for

7 Trunk goes to river like this

8 Negligent about dropped

9 Water? You can't do this to

14 HQ yielding to pressure

over chocolate (4, 6)

general supporters (7)

firing.range (3, 7)

parting easier (4, 5) 3 Storm when engineer takes

bloomer (8)

silver (4)

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ACROSS

1 Key instruction to hurry we 1 Material for palliasse is a hear (1, 5) 4 Minor disparaging critic (8) 10 Act of high quality produced when getting on (5, 4)

11 Way spirits play on guitar

(5) 12 Food hamper (4) 13 Shackle installed by clubs (3, 2, 5)

15 Odd name individual gives a flower (7) 16 Itches to change morality (8)

19 Medicine that could make one sick (6) 21 Idealist giving doctor a mere cocktail (7) 23 Say trainer how's this for

royal diligence (5, 5)

thought of (8)

back (6)

25 Prize is on hand (4) 27 Complaint for car firm to consume (5) 28 Emphasise importance of tube (9) 29 Early starter encounters

17 Tower father observed between two rivers (9) 18 Mrs Thatcher goes to east for first performance (8) 20 End of debate can be so

catch (6)

it (6)

cruel (7) backward newsman highly 21 Blackguard put in river for 24 Time National Trust had a many years (6) 22 Upper class fur fit to wear

bailiff (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

26 Short unfinished cheese (4)

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Continued on Page 18

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams; Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Monday February 22 1982

A very Irish outcome

WHILE THE Irish deserve congratulations for winning the Triple Crown at rugby over the weekend, the results of their general election are unfortunately less decisive.

The election was precipitated when Dr Garret FitzGerald introduced a tough budget last month designed to deal with Ireland's severe, though soluble, economic problems—only to find that he lacked the support of sufficient independent members of the Dail (Parliament). For a time, it looked as if he had at least served to concen-trate the mind; the campaign was fought almost entirely on economic issues in a way that has never happened before. At the end of the day, however, he seems to have lost.

For Dr FitzGerald to have any chance of forming the new Government on March 9 depends on his renewing the coalition with the Irish Labour Party and wooing another handful of members from small parties. The Labour Party meets today to consider its position and may well decide to go it alone. The indepen-dents are more likely to go with Mr Charles Haughey's Fianna Fail.

Mavericks

Thus Mr Haughey probably has it, though even here there could be wrinkles. As the Prime Minister before the previous election in June, he received much of the blame for the deterioration of the economy. Under another leader, Fianna Fail might have won outright this time and he could still be challenged from within his own party in the next couple of

Yet, whatever the outcome, the pattern is pretty clear: there will be another Irish Government condemned to rely on a majority of at best one or two maverick votes. On the face of it, that need not seem too bad. The ideological differences between the two main parties are not all that nor are the economic difficulties. Statistics showing a balance of payments deficit equivalent to 13 per cent of GDP and a treasury deficit equivalent to 17 per cent need to be seen in the context of such as rapid growth of output dialogue. As on Ulster, so on

though not always old labour

That is the brighter way of looking at it. The more pessi-mistic view is that Mr Haughey had the chance to do something about the economy before and did not, and that when Dr Fitz-Gerald risked all on trying to do what he thought was right, he was unable to bring it off and found himself out of office.

Finance Minister

On the assumption that Mr Haughey becomes Prime Minister again, much will depend on how bold he is prepared to be. On the one hand, he will be tempted to buy support in order to remain in power and that will not be easily compatible with raising taxes across the board. On the other hand, he must know in his head that it would be irresponsible to allow present economic trends to continue

much longer.

A key test will be the appointment of the Finance Minister. There are several able candidates available: Dr Martin O'Donoghue and Mr Michael O'Kennedy, freship returned from the Brussels Commission, for example. What matters most, however, is that wheever gets the job should be allowed a free hand without having to look too much over his political shoulder.

In London the first reaction of Mr James Prior, the Secre-tary of State for Northern Ireland, to Dr FiizGerald's defeat will be one of some disappointment. Mr Prior is hoping to present his political imitative on Ulster before the end of next month and has been hoping that the outgoing Irish leader would use his influence on the Province's Catholic Social and Democratic Labour Party to

Assemblv

Yet it is worth remembering that when Mr Haughey was Prime Minister before, he was instrumental in improving Anglo-Irish relations and was capable of taking a radical approach to the Irish question. Mr Haughey may not like Mr Prior's idea of a new Northern Ireland assembly, but if it can be coupled in the longer term ing economy. Ireland also has of relations between London some compensating advantages and Dublin, there could be productivity and the the Irish economy; it comes

A challenge for big investors

IT IS now generally accepted out to be cumbersome instru-that the long-term decline of ments and they could well be blamed on its highly developed sufficient quality. The past financial system. Whatever efforts of investing institutions else it may have achieved, the to act together on anything but Wilson Committee's report two an ad hoc basis have not been years and produced convincing too encouraging. But there is arguments on this score. But certainly a problem to be an issue which has not been tackled. Companies need the put to rest is whether the finan- spur of a strong proprietorial call system in its present form interest. Sometimes that can can be expected to play a come from a large family share-positive part in checking—and holder. More often these days then reversing-the decline, A it takes the form of a deterhigh proportion of the nation's mined holding company—often savings is directed into pen-run by a tough entrepreneur sion funds and life insurance with a big shareholding of his companies. Institutions which should have long-term investment horizons. The question sidiaries and allocates funds is whether they are doing all according to their prospects. that they could to encourage and support those industrial Dialogue companies in which, taken together, they often have a con-trolling interest.

The answer is that they are not-according to Sir Arthur Knight, who as a former chairman of both Courtaulds and the National Enterprise Board has seen two sides of the problem. In a pamphlet published today, in pamphlet published today, in the business starts to deteriors. he argues that the investing institutions are not equipped to strategy of industrial com-panies. The suggestion is that their objectives are too short term, which in turn means that their interest in a company tends to be concentrated on its immediate financial outlook.

Monitor

To remedy this, he proposes that the institutions should set up a number of highly quali-fied teams, under the leaderto monitor the performance of of advantage to both parties. the UK's biggest companies Managers would find it easier over a long period. The objecto plan ahead without having to tive would be to improve the look permanently over their quality of management, and to shoulders at the daily move gain the support of investors ments of their share price, and for projects which may not have shareholders would benefit from

a short-term pay-off.

The trouble is that it is not resources at all clear that the ability of large companies to undertake monitoring teams is appropriate a desirable level of developing is a matter for debate. If they ment projects has actually think not, the institutions will been damaged by the alleged have to come up with some-preoccupation of their main thing better. When it comes to shareholders with the short

practical terms. the monitoring teams could turn

the UK economy cannot be difficult to staff with people of own-which monitors the performance of its different sub-

But in too many large com-panies in the UK, managers are only responsible to each other Unless they run into a financial crisis, they are free to bid for other businesses, pay dividends, raise new equity, and generally ate, institutional shareholders are reluctant to intervene, feeling themselves ill-equipped to raise serious objections to board policies. Generally they are only willing to make their voices heard on relatively straight-forward issues, like golden handshakes.

The appealing feature of Sir Arthur's proposals is that they might encourage managers to build a constructive relationship with their shareholders based on a proper understanding of the risks and ship of an experienced indus- rewards involved in each busitrialist, whose task would be ess. Such a dialogue would be a more efficient use of their

> Whether the idea of full time exercising the responsibilities of a proprietor, an annual lunchtime meeting is just not

GOT HIS BUDGET is not going to fly anyone who believes that it will is nuts." Congressman Leon Panetta, a Californian Democrat.

"I have no questions for you. because, very frankly, I would not believe the answers you would give:" Congressman would give:" Congressman David Obey (Democrat, Wis-consin) to Mr David Stockman, President Ronald Reagan's Budget Director, in the House Budget Committee

"Jonestown economics:" a description of Mr Reagan's economic programme by Mr Lane Kirkland, president of the AFL-CIO labour federation, in a somewhat distasteful reference to the 1978 mass suicide by members of the People's Temple in Guyana.

two weeks since President Reagan unveiled his proposed 1983 Budget, are representative of three fairly universal features of the economic debate that is now raging in Washing-

The first is the belief that Mr Reagan has little or no hope of getting his Budget through Congress in anything like its present form. The second is the uspicion that the calculations it is founded on are, to say the least, suspect. The third is the growing bitterness that is entering into the whole debate about Reaganomics.

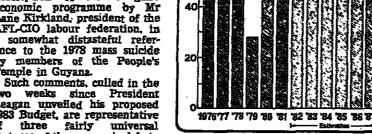
The reception so far accorded Mr Reagan's budget has ranged from lukewarm, if qualified, approval to outraged rejection. The word "disaster" has started cropping up in the headlines to describe it. And it is not just the Democrats who sceptical. Many leading Republicans have confessed to a considerable degree of unease. Mr Reagan nevertheless remains convinced that it is only by sticking to his original budget policies of tax and spending cuts (except, of course, for defence) that he

The only good news has been on the inflation front

economy into a new supply-side era of sustained growth with low inflation and interest rates. He believes that the American people who elected him do not want him to deviate from what he continues to regard as his mandate, whatever the critics may say in Washington. Wall Street or the East Coast establishment. He will be prepared, if necessary, to try to repeat last year's successful tactic of appealing to the voters over eads of Congress.

Mr Reagan's supporters argue that many of those who are now of 8.9 per cent in December, tatives last summer, have prophesying doom for his 1983 But even that was largely due already started making it clear Budget were saying just the same thing a year ago when he presented his proposals for fis-drop in inflation has thrown least for a budget that looks cal 1982. And yet by the sum- the Administration's budget anything much like the one he

Deficit



mer recess he had scored smash-

Sbillion

The Budget

ing congressional victories to secure a record \$36bn in spending cuts out of the \$41bn he had demanded and most of the tax cuts-25 per cent over 22 years, against 30 per cent over There is a good deal of truth in this. It is also true, however, that today's political and econo-

mic circumstances are vastly different from those that existed 12 months ago. This time last year, the Republicans were still basking in Mr Reagan's triumphant victory in the November 1980 presidential elections and determined to demonstrate the unity needed to implement his policies. Most of them believed that the Reagan medicine would work, and work quickly, or were at least prepared to give it a try. A suffi-cient number of Democrats felt

the same way.

This year, many of those who marched unquestioningly through the voting lobbies with Mr Reagan then are no longer able to suppress nagging doubts. The recession has persisted much longer than the Administration ever contemplated, and has yet to reach its trough.

Unemployment is near its post-war record as are real interest rates. Mr Reagan has long since admitted that there is no way he can fulfil his campaign promise of a balanced budget by 1984 and instead is proposing a series of huge, if declining, deficits as far as the eye can see into the future. Wall Street is depressed and jittery, not only about the im- members of the conservative plications of the deficits for interest rates but also about the

effects of the recession on business and profits. The only good news has been on the inflation front, where Mr Reagan relied to carry his the consumer price index budget through the Democrat-increase fell to an annual rate dominated House of Represento the recession, and paradoxically, the faster than expected

deficit calculations a long way has proposed.
out the wrong way.

Again, unlike last year, the lit is becoming increasingly Republicans are increasingly

out the wrong way.

It is becoming increasingly difficult for the Administration to counter the charge that it is, Mr Reagan's policies, not the hang-over from President Carter's, that have brought the country to this situation—the "Reagan recession," the Democrats now call it.

Senator Jake Garn of Utah laid into "gutless" fellow Republi-cans whom, he said, were abandoning their own philosophy in opposing Mr Reagan's policies. But many other Republicans are appalled at the way Mr

That would matter less to Mr Reagan appears to be abandon-Reagan were it not for the fact ing traditional Republican that 1982 is an election year. dogma by proposing such huge

AFTER THE U.S. BUDGET

Why Reagan may lose this time

By Reginald Dale, U.S. Editor in Washington

THE STATISTICS CONGRESS IS WATCHING

Unemployment

The word 'disaster' has started cropping up in the headlines and many leading Republicans have confessed to a considerable degree of unease

bers of the House of Repre- rejected the recommendation of sentatives and 33 of the 100 most of his closest advisers to Senators will be up for re-

poor, and it is not hard to see why many Congressmen, Repubgroup of mainly Southern Democrats—the so-called "Boll Weevils"—has been far from encouraging to Mr Reagan. The "Boll Weevils," on whom tatives last summer, have

Come November, all 435 mem- deficits, and regret that he raise taxes in 1983,

Even if Mr Reagan succeeds Add to that the fact that Mr in his aim of "holding" the Reagan's proposed new cuts deficit to \$91.5bn in 1983, the would carve deep into social figure is still totally unaccept-programmes—while the Penta-able to many in the Republican gon would get an 18 per cent Party. But there is considerable increase—at a time of growing doubt that his present budget hardship among blacks and the plans will even do that.

There is scepticism in many quarters over the Administralicans among them, are worried tions optimistic forecast of 5.2 The initial reaction from per cent economic growth in sary should be financed throughout the conservative calendar 1983, and more special new progressive tax

that he cannot rely on their support this time round—at defence spending. Mr. Tip at a good-faith effort' by Condraws close least for a budget that looks. O'Neill, the Democratic Speaker gress to come up with an alterwhether Mr anything much like the one he of the House of Representatives, native. But the White House has files or flops.

Rate 🙀

1 1

attack on the defence budget when the Reagan proposals reach the House floor. First off the mark was enator Fritz Hollings, a Senator centrist Democrat from South Carolina, who proposed a freeze on all spending at 1982 levels— including defence spending. which would then be limited to real growth of 3 per cent in

has already promised a frontal

each of the next two years. His proposal, designed to chieve a \$4bn surplus in fiscal 1985, was immediately des-cribed as "intriguing" by Senator Howard Baker, the Republican majority leader in the Senate, one of the men whose job it will be to steer the Administration's budget through the legislative process.

The Hollings plan is most unlikely to "fiy." but it has at least broadened the area of debate.

proposals included increases in defence spending somewhere between Mr Hollings's freeze and Mr Reagan's 18 per cent rise; increased excise taxes and the postponement or reduction of the two further 10 per cent cuts in individual income tax due in this July and the following July.

The AFL-CIO under Lane Kirkland, traditionally keen on

defence spending for the jobs it. provides, last week suggested that Mr Reagan was going for too big an increase and proposed that any rise in defence spending that might be necesfically over his \$56bn deficit companies and individuals. reduction programme. The question is whether Mr In all these circumstances it Reagan will be prepared to is hardly surprising that a num- compromise—or, as many susber of Congressmen, and others, pect, allow his arm to be have already started coming up twisted by Congress. Members with their own alternative of the House Budget Commitbudget proposals, many of tee last week thought they dewhich, at least on the Demo-tected signs of flexibility when cratic side, would cut quite Mr Stockman told them that sharply into the growth of the President would "look hard

since warned against reading stressed that it has seen no sign so far of anything remotely resembling such an alternative.

Mr Reagan, it has been re-peated over and over again, remains adament that there shall be no serious interference with his defence budget or with his determination to keep his tax-cutting programme intact. He would be unlikely, course, to suggest willingness to compromise so soon after pre-

senting his proposal to Con-

gress. But there can be no doubting that he regards defence spending and tax cutting as the twin centre-pieces of his budget—regardless of the views of many economists inside and outside Government that the two are mutually incompatible. He is totally unrepentant about his plans to increase defence's share of the budget from its present 24 per cent to well over 30 per cent in the years ahead, pointing out that even if defence rises from 5 per cent to 7 per cent of GNP that is still low by the stan-

dards of the 1950s and 1960s. It will help if recovery gets under way, accompanied by falling inflation and interest rates, a development that Mr Reagan came near to guaranteeing he would achieve—in co-operation with Mr Paul Volcker, the chair-man of the Federal Reserve at his press conference last Thursday. But, with many senior members of the Admin-tion unhappy over Mr Volcker's sometimes erratic control of the money supply, it is not at all clear how close that co-opera-

tion will be. Over the past 12 months, the official forecasts have constantly predicted recovery too soon, only to be revised later. Last week, Mr Stockman actually mentioned the possibility of the upturn not arriving until the autumn, the latest date so far mentioned by anyone in the Administration. The forecast for the take-off remains

Cuts would carve deep into social programmes

late spring or early summer. Private economists agree that the upturn will materialise, but doubt that it will prove as strong as the

Administration expects. Dr Alan Townsend Greenspan, example, believes the Administration's 5.2 per cent growth forecast for next year should be more like 4 per cent.

Many economists fear a return to higher inflation and interest rates as activity picks up. If those fears prove justified, it will make the Republicans facing re-election even more edgy as November draws closer—regardless of whether Mr Reagan's budget

Men & Matters

Culture vultures

Sad news from the industrial front for the culture and Beau-jolais set. Michael Foot's discovery of the Shop Workers' picket line at Foyles may be just another early sympton of an outbreak which could grow

to epidemic proportions.

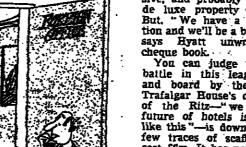
The Foyles battle centres around the right to union membership, but spotlights once again that warren of the book. world's idiosyncratic approach to employment. By recruiting its saff largely on a temporary basis is not only preserves that refreshing Foyles, attribute of the customers often knowing more about the stock than the employees but also casts a neat detour around irritating labour legislation.

However, there may be more to this than a simple tale of workers and Rights. It does not require a long memory among the local Volvo crowd to recall that Tuttons, one of Covent Garden's trendier scrubbed-table wine bars, also felt the force of union recruiters recently. Somewhat further away, geographically if not gastronomically. Bernard Matthews has found his stately home-cumturkey co-op in Norfolk the unlikely target of a union seige.

Now, as if it were not bad enough to be faced with a strike on his 88th birthday. Sir Harold Macmillan's family group, Macmillan publishers, is faced with guerrilla action from its journalists (" our average salary was £6,100. A typical member has a degree and three year's experience"), which potentially delays publication of books and therefore may throw the rarely aware staff of Foyles into even

Word from my man on the picket lines is that this is all part of a general campaign among the unions. With members slipping away into the dole queues elsewhere recruiters are group has predatory aims on being urged to turn their attentions to the custom that flows to the Inn. rhythms to the top of the tions to the soft under belly of The Maple leaf-flying neighbour British pop charts. Now, howbeing urged to turn their atten-

greater confusion.



Could we have this note from Alexander Haig decoded? It seems to be all

(and SDP joining?) middle class. Where Tottenham Court Road leads can Knightsbridge be far behind?

Room service

The London hotel front is always good for a bit of cut and thrust rivalry. Its star players move as frequently from team to team as soccer forwards and the figures involved are sometimes almost as daunting. The two battles to watch at the moment are the Cariton Tower (now under new mana gers, Hyatt) v. the Inn on the Park (the Canadian Four Seasons group) and Middle Eastern-owned Dorchester and that glittering star of the Trafalgar

House stable, the Ritz.

Apart from agonising over the future of the Topolski murals which Hyatt intends stripping from the wall's of the Carlton Tower's gilded foyer, the U.S. our society—the wine drinking, of the Hilton is the most expen- ever, it has managed the long

sive, and probably the busiest, de luxe property in London. American album lists — a But. "We have a better locatriumph which any rock group tion and we'll be a better hotel." would give several locks of

cheque book.

You can judge the cost of has been slim.

You can judge the cost of has been slim.

battle in this league of bed It all began with a 'phone call. and board by the fact that to the orchestra's financial Trafalgar House's own revamp guardian, Archie Newman, last of the Ritz—"we think the future of hotels is in places to do a three-hour pop session? like this "—is down to the last No British orchestra can turn few traces of archiefer with the summer. few traces of scaffolding and cost £6m. It has now recruited a new maitre chef des cuisines in the rotund shape of 35-yearold Michael Quinn. The Quinn background, which includes running the culinary side of the Bear at Woodsteck and the Gravetye Manor, is almost as impressive as his declared ambition to be Britain's best

This elevated view culinary life is par for a course-in a business where modesty is rarely regarded as an asset. He has, after all, to take on the Dorchester's equally youthful Mosimann. kitchens are now surrounded by a £10m refurbished hotel and whose face is a regular feature of the weekend colour magazines.

the Mosimann-Quinnrivalry continues, Michelin might just as well set up a permanent Mayfair inspection office, for the apex that both might wish to attain is currently dominated by neighbour Albert Roux at his threerosette Gavroche.

Music makers:

Why, you may ask, are so many members of the Royal Phil-harmonic Orchestra, whistling to themselves through gritted teeth these days? Answer: Because success is a double-edged **EMOLG**

It was bad enough when the RPO's album, Hooked on Classics, took its insistent disco

ascent to the peak of the tion and we'll be a better hotel," would give several locks of says. Hyatt unwrapping its fluorescent hair to emulate, cheque book.

But, as yet, the financial return

> No British orchestra can turn down work these days and the RPO, which has been recording with rock groups since 1967. leant at the chance. Soon som 62 musicians were assembled and told they were to record disco-style classics. The single went to No. Two

in the British charts and sold 3m .copies world wide. Then As far as the records themselves are concerned, the news is not good. The RPO did the recordings for the standard fee -£40 a session for each player, plus a 15 per cent management fee for the orchestra. There was no point in asking for royalties: another orchestra would have jumped at the chance of session work_ the ever-optimistic But,

Newman tells me, he has hopes Perhaps K-Tel will show its appreciation of the U.S. triumph by giving the RPO a little bonus. The £30.000 needed to clear its 1980-81 overdraft would do nicely.

Bad form

Shocked by the abuse being poured on officialdom for its incomprehensible forms and reports, this column wishes to redress the balance. Form fillers can also err.

I turn to my old friends the Civil and Public Services Association for an example. Question on form: "Does the course involve any paid practical training: e.g. sandwich course." Answer: "No, he comes home for his dinners."

Observer

Why not belong to Glasgow?

pension fund, Norwich Union, Land Securities, the Viking Property Group, Commonwealth Holiday inns are just some of the big names who have invested millions in the city. They've all found Glasgow a successful and profitable base for their operations. First class transport and communications, special development area status and an established banking and financial

Lois of people do. The coal board

community combine to make Glasgow the perfect centre for investment.

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A constitutional row is all but settled. Economic nationalism is in retreat to soothe foreign investors. But regional tensions and steep business setbacks pose pressing problems for policy makers.

Struggle for unity and power

BY W. L. LUETKENS

CANADA is North America with a European accent for better or for worse. The open spaces of much of the countryside are "America." as are the towering blocks of the big cities, the climatic lurches from arid summer to sub-arctic winter, the technology of this vast but sparsely populated country, and the practices of private business.

the British Crown and never broken by anything like the industry, one of the country's American Revolution. Europe main economic assets. has given it the always nagging and sometimes acute fric-tion between an English-speaking majority in the population and a French minority. A longestablished tradition of government direction of the economy is European in origin, as are the often obstreperous trade unions. Canada even has a social democratic party, the New Democratic Party, which is well represented in the Federal Parliament and provides the governments of two of the 10 provinces.

The will to hold together this separate and yet so diverse part of North America explains much of the recent upheavals in Canadian politics: the bitter Parliament in Ottawa and a fight against separatism in

Europe is the source of Minister, to give Canada Canada's tradition of law and mastery over its own constituorder, originally imposed by tion; the nationalist lunge to win control of the largely American-owned oil and gas

> Victory is in sight for Mr Trudeau in the constitutional battle. Nine of the 10 provinces have approved his plans, the Supreme Court in Ottawa has upheld their legality, and what opposition there was at Westminster is likely to crumble. Failing the unexpected, the British Parliament will this year repeal its right — a leftover from colonial days-to be the final arbiter of constitutional amendments in Canada.

Future changes

A formula has been devised by which future changes can be made in concert by the majority of the provincial

change may be more symbolic than of immediate practical significance. But it is of such symbols that national identities

Mr Trudeau may have paid a heavy price. The Quebec Government of Mr Rene Levesque was outraged by his reform and more particularly. by finding itself abandoned by the other English-speaking pro-vinces which at first seemed to go along with Quebec's opposition to the centralising elements in the constitutional package.

What hurt especially were two provisions. If Quebec (or any other province) makes use of its right to "opt out" of any federal economic programmes adopted by constitutional amendment, it will not be afforded financial compensation enabling it to do something similar in its own way. In addition, the Charter (or Bill) of Rights forming part of the package guarantees the children of Canadians the right to education in either English or French, whichever is their parents' language. Quebec's own language law wants to restrict that right to the children of English-speaking Quebeckers in order to ensure the primacy of French in the

Most serious of all, in the heated debates while the package was put together, Quebec lost the right to veto future constitutional change which Mr Trudeau had originally intended to concede. Mr Levesque is trying to retrieve that position the courts, falling back on the argument that Canada was born of a contract between the English and French in the 18th

The case is almost sure to go French-speaking Quebec: the legislatures. Since Westminster to the Supreme Court. Judging prolonged campaign of Mr has for generations not acted by a previous Supreme Court Pierre Trudeau, the Prime against Canadian wishes, the judgment in the constitutional

In Quebec the out-manoeuvring of Mr Levesque has produced an outburst from the separatist minority which severely shook Mr Levesque's Parti Quebecois (PQ). As it is, the PQ Government is in quite enough trouble because of the recession and because the cost of an overblown bureaucracy has raised personal taxes to the highest levels in Canada. But even if the PQ were to be eclipsed, as Mr Trudeau certainly hopes, Quebec nationalism would survive in another

form. built-in part of the Canadian system. The historic pattern has been for Quebec always to push for the greatest possible degree of say in its own affairs. But the economic argument for remaining within Canada has always prevailed and has been reinforced by the recession. In spite of plentiful hydro-electric

resources, Quebec would find it

only strain on Canadian unity. The Atlantic provinces, with their dependence on fishing and forestry, have more in common with America's New England States than with far-away Vancouver. Toronto has more in common with Chicago than with the grain farmers of the prairies. Brash Albert, growing rich on oil and gas, is often at loggerheads with the manufac nationalism.
turing provinces of Ontario and underlying the Quebec which groan under the higher prices for energy.

afraid that market forces, left to themselves, would tear the country apart. Hence the tradition of economic economic nationalism and intervention. In its original 19th century form it amounted to tariff protection behind which a domestic but in-American-owned creasingly manufacturing base was

Policy makers in Ottawa are

created. The fear of being dominated by Canada's powerful southern neighbour and the tearing down

argument, Mr Levesque is hard to maintain a North of tariff walls by the Gatt have unlikely to win there unless his American standard of living. cut the ground from under that lawyers can find new arguments. Quebec nationalism is not the policy. The new economic cut the ground from under that of emphasis from an attitude policy. The new economic common in the 1960s and nationalism consists of carefully screening new foreign direct investment and of an

> A succession of rows with Washington have been the consequence, but inevitable foreign investors elsewhere are unhappy too, though less vocal. Canadian sm. The economic underlying the programme to management could permit underlying the programme to management could permit a capanion of the lumber. as well as a new industrial pulp and paper industry, and strategy being worked out in that more efficient railways and strategy being worked out in that more efficient railways and Ottawa is that the country is sufficiently rich in resources to possible an increase of shoulder a growing burden of Canadian grain output by about international debt contracted a third. At present there are to develop them.

Huge sums

Forest products sector: spree of takeovers

Profiles: five men who caught headlines Alberta and British Columbia: the shift

Manitoha and Saskatchewan: steadier

Quebee: preoccupied with economic woes VIII Atlantic Provinces: anger over cuts VIII

Westwards continues

Ontario: facing severe shocks

gas and oil.

The sums involved are immense. A task force in Ottawa has identified projects costing altogether C\$410bn (about £197bn) which could be

broaden its manufacturing base direct investment and of an so as to cease being a country assault on foreign ownership of of "hewers of wood and of "hewers of drawers of water."

The new assumption is that the resource base is broader than thought. Finds of hydroearbons in the North and off the Atlantic shore bear that out. So does the realisation that analysis improved methods of forest management could permit a Canadian grain output by about no facilities to bring such extra quantities to market.

Such a new strategy, complemented by the encouragement of capital-intensive high technology, would fit in with the prospective reduced rate by which the population of working age is growing. It would also increase Canadian vulnerability to the vagaries of world markets.

That vulnerability is high enough already. The country has been dragged into the American witches brew of recession and high interest rates. Business investment plans have shelved off steeply this year and unemployment, already high, will climb above 8 per cent.

Because they are giving priority to the fight against inflation, which pushed up consumer prices by 12.5 per cent last year, neither the Government nor the Bank of Canada has shown any willingness to abandon an increasingly restrictive financial policy and stringent monetary management. Any relaxation, they fear would cause a run on the The unanimous pleas of the

premiers,

CANADA IN PERSPECTIVE

• CANADA......10m sq km (3.9m square miles) (3.6m square miles) UK. 244,000 sq km (94,200 square miles) West Germany 249,000 sq km

Population. ● CANADA U.S.227.6m UK 55.9nz West Germany 61.6m

(96,000 square miles)

GNP per head (in U.S.\$, 1980)

West Germany13,383

Canadian dellar Exchange rates: C\$1=about U.S.80.83. £0.44, DM 1.96.

Levesque included, for reflation should not obscure the fact that their interests vary greatly. The new industrial strategy is bound to bring that out. Its resource towards development would accelerate the drift of economic power from central Canada to the West, because that is where most of the resources are.

That drift could produce strains within federation quite different from the historic Anglo-French frictions. could also help by righting Canada's West has always considered to be a lop-Mr sided distribution of induence.

CONTENTS

The economy: progress remains uncertain Politics: Trudeau's two main ambitions Chartered banks: problems ahead Economic nationalism: groundswell is still

Canadian Development Corporation: wrestling to rebuild its finances Energy industry: facing new challenges Mining and metals industry: severe blows New ventures: emphasis on high techno-

logy Aluminium industry: continuing invest-

Aviation sector: more investment planned Yukon and N.W. Territories: oil and gas searches prove fruitful Businessman's guide D This survey was written by W. L. Luetkeus and Roderick Oram in Toronto; with Robert Gibbens in Montreal; Roger Newman in Winnipeg; Jim Rusk in Ottawa; Jeff Sallot in Edmonton; Lyndon Watkins in Halifax; W. A. Wilson in Ottawa; Michael Donne and Roy Hodson.
Editorial production: Mike Wittshire; design, Philip Hunt.

> n the 80s, the general uncertainty surrounding Lenergy supplies is causing a fundamental shift in the pattern of development in North America, particularly in Canada.

Increasingly, this involves moving raw materials and skilled labour to regions where energy is available, rather than the other way around.

As a result, a utility like B.C. Hydro, with a demonstrable ability to provide energy, becomes an increasingly attractive investment.

And British Columbia has extensive hydro-

electric potential as yet untapped. B.C.Hydro is Canada's 3rd largest electric utility and 5th largest corporation, and the 14th largest utility on the continent. We are a crown corporation with a mandate from the provincial government of British Columbia to supply electricity and natural gas to our customers at the lowest possible cost consistent with sound financial principles and business practices.

Our various bond issues are guaranteed by the Government of British Columbia which is itself supported by a very healthy economy based on forestry, mining and secondary industry. These bonds have triple-A ratings from

Standard & Poor's and Moody's. Also, we have a mandate to achieve an interest coverage of 1.3 to 1 by fiscal 1983/84.

To meet the demands of a growing population and a rapidly expanding industrial base, B.C. Hydro is currently constructing one major new hydroelectric project and has others at various stages of planning.

Raising our installed nameplate capacity from 9 million kW to 12 million kW, these planned projects represent a \$26.5 billion investment over the next 10 years.

And a very sound investment it is.

In British Columbia, B.C. Hydro turns white water into blue chips.





Canada's investment in purity.

When assessing the true value of a gold investment, consider the question of purity. Gold bullion coins containing alloys like copper are lower in fineness. And these gold coins struck with allows would incur additional cost if refined for bullion. On the other hand the Canadian Gold Maple Leaf coin is exactly one troy ounce of solid unalloyed gold, 999 fine. In fact its purity is finer than more commonly known coins. The recognized

fineness of the Gold Maple Leaf has contributed substantially to its wide acceptance among knowledgeable investors, who also know it can be bought and sold easily. With the Gold Maple Leaf, you know the true value of your investment daily, based on the world gold price published in your newspaper To buy the Canadian Gold Maple Leaf, call your nearest bank, brokerage

house or coin dealer

Canada's Gold Maple Leaf. An investment in purity.

Canada

W. L. Luetkens explains why the country's progress remains uncertain this year

U.S. shadow looms over economy

dollars a decline of the Canadian

dollar automatically would in-crease the cost of debt service.

able in a country as closely linked with the U.S. The border

would prove porous, as the say-

Controls of another kind, how-

ever, are less of a non-starter.

Exchange controls are occa-

fully assured future.

The present is one of uncomfortably high unemployment, inflation and interest rates, of evident structural maladjustments in the manufacturing industries of Ontario and

The present difficulties of the economy are the direct result of the world economic climate and especially of the U.S. recession which spilt over into Canada with a vengeance half-way through last year. They have been aggravated by Canada's belated adjustment to the surge of energy prices in the world during the 1970s.

Price increases which many absorbed earlier are feeding through the Canadian system at a particularly uncomfortable moment. The consumer price index rose by 12.5 per cent last year and a further rise of 11-12 per cent is forecast for 1982. The impact on Canadian manufacturers, with their close ties and is expected to go above 8 to the U.S. market, was per cent this year, and the high worsened by last year's sub-stantially lower U.S. inflation tary policy of Mr Gerald Bouey, rate of 8 per cent. That gap is Governor of the Bank of unlikely to narrow much if at all Canada, has come under almost

of Canada has for several years and also from the 10 provincial been following a restrictive premiers. It monetary policy. To some some dissens extent that makes it the ment party.

Prisoner of U.S. interest rates.

Among the Unless Canadian rates, and is widespread that Canada especially short-term rates, are should cut adrift from U.S. kept above those in the U.S., interest policies, courting a Canada, with a structural decline of the exchange rate. The last decline, begun in 1976, face a Film on its currency. face a run on its currency releasing further inflationary dellar from around par with

NATIONAL ACCOUNT

BUSINESS

GNP Real change (%)

Business investment plant

Real change (%)

Corporate pre-tax profits...

Merchandise exports Merchandise imports

Merchandise surplus

Current account

Unemployment rate (%)...

Consumer prices (%

EXTERNAL PAYMENTS

JOBS AND PRICES

and equipment

Canadian living costs.

To restrain inflation, fiscal policy at Ottawa has been shifting to a tighter rein. In spite of many blemishes on it, economists by and large approved of the trend of the federal budget introduced last November. The medium-term though the current account is objective is to reduce net likely to have been in 1981, the amount of CS7 5bm. borrowing requirements from C\$10.1bm (about £4.5bm) in Interest paid on Canada's large 1980/81 to C\$6.4bm in 1985/86. foreign debt is a major element

In the current year top personal marginal tax rates are to be brought down substantially as an encouragement to saving and investment, though the Finance Minister, Mr Allan MacEachen, has taken away other industrialised countries with one hand much of what he has given with the other; a number of tax exemptions are to be reduced or abolished. The measures were ill thought out and caused a political storm.

What hurts more is the unemployment rate, which averaged 7.5 per cent in 1981 unanimous attack from the To counter the trend the Bank opposition, from manufacturers, premiers. It has also caused some dissension in the govern-

> Among these groups the view which brought the Canadian

1979

Source: Toronto-Dominion Bank, Economic Research Department.

pressures. It is estimated that the U.S. currency to somewhere in Canadian hands. PERFORMANCE AND PROSPECTS (Cibn)

1981*

+2.7

54.3 5.4 34.7

83.9 77.4 6.5 -7.3

46.7 8.6

1982†

+0.6

Lloyds Bank establishes a Canadian

Chartered Bank

speaking majority. When Mr Trudeau after a long struggle swung a majority of the 10 Canadian provinces behind his constitutional plans late last year, Quebec was left isolated. The implications for the province itself are dealt

THE CANADIAN economy is uncomfortably doing the splits, the Canadian dollar drops poised between a dismal against the U.S. dollar quickly beneficial. But Mr Bouey, ment was not entirely useless. Total business investment apparently with the support of Many commentators expect to topped the C\$50bn mark last the Trudeau Government, is see a reversion to controls this year alone. Nevertheless, not all adamant that a further devaluation would only add to inflather appears to be little official realised; both money and skilled tionary pressures. inclin
There are good reasons for road.
saying so. Canada has a struc-

Ottawa's immediate strategy the recession as best as possible using present policles, with likely to have been in deficit to the amount of C\$7.5bn. Interest paid on Canada's large hints of an expansionary minibudget later this year if the hoped-for U.S. revival does not in that deficit. Since most of the debt is denominated in U.S.

Resources

Long-term strategy is to bank on the country's resource base, complemented by incentives to sionally discussed in an academic sort of fashion, but are not really considered to be practichigh technology industries. The

Wage and price controls were in these so-called megaprojects in producing net outflows under exports of raw materials with 1982 and a lot of question me force in 1975-78. Labour hated prospect by the end of this central has bead of C\$2.2bn in 1980 little added value will wreck for the more distant future.

inclination to go down that labour will be in insufficient

Coupled - with the Government's intention to reduce foreign ownership in the Canadian oil industry and a critical attitude towards foreign direct investment in general, the strategy adopted in Ottawa implies an acceleration of a trend al-ready established—to finance industrial development foreign borrowing rather than by importing venture capital.

Traditionally Canada is a net importer of long-term capital. implication is that the tradi- Between 1970 and 1980 the tional manufacturing industries annual net inflows varied will largely have to fend for between C\$628m and C\$4.2bn. themselves. In practice, however, they have benefited from emphasis shifted heavily toseveral rescue operations.

A recent Government policy

The previous net inflow of paper spoke of C\$440bn of direct investment was reversed,

BIG FIVE CHARTERED | BANK PERFORMANCES (Year of account to 31/10/81).

				• .	
	End-year (C\$m)	Assets Change on year (%)	Foreign asset share (%)	Balance Year (C\$m)	of revenue* Change on year (%)
Royal Bank of Canada	87,516	+39.3	39	657	+71
Canadian Imperial Bank of Commerce	66,845	+20.6	30	420	+99
Bank of Montreal	63,780	+30.6	36	458	+43
Bank of Nova Scotia	50,138	+16.1	49	267	-11
Toronto-Dominion Bank	44,862	+32.6	39	308	+54
Aggregate of all 11 Canadian-owned chartered banks	343,974	+27.5	-	_	_
* Before taxes					

Source: Canadian Bankers' Association, Annual Reports, Bunting.

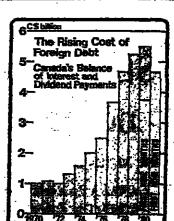
the U.S. but also the carping official Canadian attitude towards foreign venturers.

The underlying assumption of the new industrial strategy is that in the long run raw material prices, and especially those for energy, will rise in real terms, shifting terms of trade in Canada's favour.

Two dangers are obvious; that the assumption may not be justified and that a reliance on

alone. Several causes were at manufacturing. A prominent work, among them the more member of the New Democratic attractive business prospects in Party, Mr Bob Rae, speaks of catching

> Even in the medium term Ottawa is betting heavily on the oil price. If it remains soft beyond the end of this year. energy revenues may not reach the expected levels and make a nonsense of Mr MacEachen's budget projections. This year. too, slow growth may cause revenue to fall short of expecta-tions. It all adds up to a difficult 1982 and a lot of question marks



Trudeau: the man with a mission

MR PIERRE TRUDEAU, Prime Minister of Canada since 1969 with less than one year's interruption, is tantalisingly within sight of the achievement of one of his two major political ambitions—to abolish the right of the British Parliament to amend Canada's constitutional regime, lodging it instead firmly

The necessary political proess has been completed in Canada though final approval in Westminster is still, out-standing. But the manner in which this has been achieved raises questions about Mr Trudeau's second ambition the one for which he went into federal politics. That ambition is to hold together a nation where a minority of one fifth. almost entirely concentrated in Quebec, speaks French and has long nursed resentments—often returned-against the English-

i this survey. again conjured up the danger mother and a French-speaking

of a widering of the Anglo- father commit him to that. French split.

initial proposals.

There is much to be said for the reading that Quebec's defeat has seriously hurt the Parti quebecois. But that does not remove existing animosities. The Quebec problem is one that Canada will have to live with for years to come. To say so brings one to the most discussed question in Canadian politics: how much longer will Mr Trudeau remain at

Without doubt he sincerely wishes to get back to private life, with more time for the children of his broken marriage. But he has enjoyed political power and moreover is a man with a sense of mission to hold but the 9:1 line-up once from an English-speaking

That is not how Mr Trudeau's country of lacklustre economic but luckless Prime Minister in advisers profess to see it. To performance in the past few 1979/80, is constantly fending them the Quebec Government years outweigh the constituof Mr Rene Levesque gambled tional success in the minds of party conference where his on stopping the constitutional many members of Mr Trudeau's opponents would try to ditch of Mr Rene Levesque gambled on stopping the constitutional proposals with the support of other provinces which feared their centralising implications and lost in the process Quebec also lost its veto on future convaired by the most popular politician in the process Quebec also lost its veto on future convaired by the most popular politician in the process Quebec also lost its veto on future convaired by the most popular politician in the process Quebec quarters the most hated), his what are the implications for marky two years after its clear—the outside world? Mr Trudeau in the process of Mr Trudeau's opposition of the provinces which feared the most popular politician in the process of Mr Trudeau's opposition. When the Parliament reassembled in January the the most popular politician in the process of Mr Trudeau's opposition. When the Parliament reassembled in January the the most popular politician in the process of Mr Trudeau's opposition. The provinces which feared the most popular politician in the process of Mr Trudeau's opposition. The process of Mr Trudeau's opposition in the process of Mr Trudeau's opposition in the most popular politician in the process of Mr Trudeau's opposition in the most popular politician in the process of Mr Trudeau's opposition in the cut victory in a General Elec-tion, has slipped in the polls to second place behind the Progressive Conservatives.

Many names have been bandied about in discussing the possible successor once Mr Trudeau decides to go but no hats have been thrown into the ring. Mr Allen MacEachen, Minister of Finance, who is thought to be part of the Liberals' Left-wing in spite of his financially orthodox budget of last November, looked a possible successor but was made to look bad by some sloppy detail in that budget.

Confidence

Mr Jean Chretien, Minister of Justice, who oozes confidence since piloting the constitutional Parliament, would break the traditional pattern by which the Liberals alternate between a French and an English leader. Mr Chretien (a political profile of whom appears elsewhere in this survey) is very much a Trudeau man. Oddly enough even some of his fellow MPs from Quebec would be un-easy if he were to succeed. To allow one French leader to follow another might, in the end, open the way to an un-broken line of English speakers. potential problems of leadership, the leadership problems of the Progressive Conservatives, the

is a known but not always predictable quantity. He has in the past described himself as a social democrat but has a profoundly conservative streak. His opponents in the New Democratic Party, the second largest opposition group, jibe that the social democrat comes out at election times, the conservative when Mr Trudeau is governing. . But though he has tacked, Mr Trudeau's governments have taken the country towards a

greater measure of intervention and English-speaking alternain the economy and towards tive to Mr Trudeau might
more stringent restraints on improve the Liberal's standing
direct foreign investment in the West (which means everyinstances, even though the wind Canadians (though tration in Washington has taken umbrage at what it considers discrimination against American

Given what is known about the two men, not to mention the realities of power in North America, neither MacEachen nor Mr Chretien is especially likely to change that mould greatly, should either be called to power. Whether they would share Mr Trudeau's idealistic if not very effectual support for the Third World is

· But in any case the unknown factor in the succession race, once it comes, is what Canadian

father commit him to that. main opposition party, are scoffers like to call the White Bread-and-butter issues in a acute Mr Joe Clark, an amiable Knight: a popular figure whom jure from a hat to dazzle the electorate when the party is in dire straits. Mr Trudeau himself was one such when in the 1960s the then Prime Minister, Mr Lester Pearson, called the bright young lawyer, who had little in common with the Canadian establishment,

into federal politics.

The potential White Knight most frequently talked about is Mr John Turner, a suave former Finance Minister of Mr Trudeau's, who has gone into a. profitable law practice in Toronto. There is no evidence that Mr Turner wants to return to Ottawa politics but if he did he would be the darling of the Canadian business community.

Alternative

Energy policy is the main case thing west of Ontario) where in point. There are other his supposed coddling of French has shifted a bit, not least Quebec separatists) has never provided the Progressive Conserfederal elections are lost and won in central Canada, meaning the manufacturing provinces of Ontario and Quebec, and in particular the former.

> The long-term strategy in Ottawa is to meet the economic challenges by building Canada's considerable material base, involving a whole series of so-cailed megaprojects to develop mainly energy re-These by their very size call for a considerable role by the government, opening up an avenue for dirigiste policies. In the long run that could even create a basis for an alignment between Trudeau style libera-



Pierre Trudeau: major political ambitions

lism and the social democratic New Democratic Party, perennial number three in federal politics.

That is not an immediate prospect, or one for the next away. When it comes-always vatives do not tear themselves apart in a leadership squabble -the Laberals may well need a White Knight. Ironically, because of his personal calibre and because of his prestige in Quebec, heartland of Liberal strength in federal elections. that White Knight might be the conservative social democrat with a liking for power, Mr Trudeau. Only mythological knights have a way of disappearing into the blue yonder. If the Trudeau prevails who wants to get back to private life, he might decide to go as soon as his constitutional re-form is enacted.

Chartered banks face difficult problems of management

Critical look at capital ratios

for prudential reasons. Loan status to retractable preferreds losses are on the increase, risks as well as bank debentures, posare growing both in domestic and in foreign business, and the Inspector General of Banks in Ottawa, Mr W. A. Kennett, has taken a critical look at capital

For the banks this combination will raise difficult problems of management since asset growth has been the main source of higher profits for a numbers of years. In 1980-81 aggregate assets

leaped by 30 per cent to C\$350.lbn (about £160bn). Results were further helped by an importonment of the return on assets of the more important banks to 0.57 per cent, slightly above the long-term average, from a distinctly poor 0.51 per cent in 1979-80. The improvement was brought about both by widening spreads and by containing non-interest costs. But the banks' capital has not kept pace over the years with the growth of their balance sheets. In 1970 total assets amounted to 22 times capital (defined as shareholders' equity plus reserves plus general provisions); that ratio is now up to 33. The regulatory authority would like it squeezed down to 30, though a lot of detail remains to be settled before something definite emerges.

The banks themselves have already taken action and in 1981 there was a scramble for equity and similar capital loan portfolios are increasing Altogether some C\$2bn was at home and abroad. Poland raised. The trouble was that a may be the most obvious portion of this money was subscribed not in ordinary shares or permanent preferred shares, but by a variety of instruments such as retractable preferred shares which the holder at some

A SLOWDOWN in the rapid future date may cash in, growth of the Canadian Bankers are pressing the Inchartered banks is in prospect spector General to give capital as well as bank debeniures, pos-sibly at a rate deckining as they approach the date when they may be cashed in or have to be redeemed.

Consensus

Both sides have hopes of a consensus being reached, but for the regulator it is a different decision. Not only does he have to look at the prudential side; the international competitive ness of the Canadian banks is also at stake. International comparisons in this area are fiendishly difficult because accounting standards and business practice differ from country to country. But a study made by Gardiner Watson, a Toronto brokerage comes to the conclusion that the gearing of the big Canadian banks places them comfortably in midfield; Japanese capital ratios are in the 40s, the Swiss are held to a ratio of 12.

The fact remains that maintain their position, while banks would require more new capital than the market is likely to yield in the next few years. Hence the prospect of slower growth. That constraint may not be

entirely unwelcome in the executive offices because the risks involved in expanding at home and abroad. Poland may be the most obvious danger point, though the Canadian banks are especially heavily involved. Their claims on Poland are ted at C\$400m-425m, a amount in relation to estimated at

But there are some problems closer to home. The difficulties of the Canadian motor and agricultural machinery indus-tries have received wide pubtries have received wide publicity. Lunking behind them there are potential difficulties for the oil industry. The wave of takeovers released by the Canadian National Energy Program, with its objective of reducing foreign ownership of that industry, has left several banks heavily exposed to the vagaries of a highly speculative business.

On top of that there is the impact of current high interest rates on farmers and small businesses—the latter an area where the danger of loan losses is likely to increase this year. As it is, the estimate of aggregate loan losses of C\$850m in 1980-81 (a figure not identical with general loan loss pro-visions which are assessed on the basis of a five-year average) is high enough. Given imponderables of this

kind, the improvement of the banks' return on assets in 1980-1981 was an important event since it can be argued that continuing to grow at the profitability is at least as im-accustomed rate, the Canadian portant an element in prudent management as the arithmetic of capital ratios. The improvement resulted largely from the steep rise of interest rates, which had a more rapid impact revenues than on the cost of funds for nearly all chartered banks.

But the combination record profits and high interest rates did cause public relations problems for the banking community. There have been occasional calls for a windfall tax, though it did not come in the budget tabled last November and the Department of Finance appears to be set against the

High mortgage rates have caused a public outery and some banks have offered to convert mortgages contracted interest rates were at their peak.

These were concessions not only to a sort of rough justice but also to public opinion. Bankers are not especially popular in most countries, and in Canada there is a time-honoured tradition of bank bashing. One of the reasons is the very bigness of the banks. Like their UK counterparts, the Big Five chartered banks are multi-branch wholesale and retail operations. They hold almost 90 per cent of the aggregate assets of the banking

To reach their present size they have gone deeply into foreign business: nearly 40 per cent of their assets is foreign, overwhelmingly in the U.S. Despite Poland and the rest, it has not proved a high risk policy. Last year it produced only 13 per cent of the loan

What of the future? The levelling off of interest rates is likely to reduce the return on assets of the Canadian banks in the opening quarters of their current year of account. The slower growth in prospect if the regulatory authorities take an inflexible view of capital ratios would also limit profit growth. On the other hand analysts in Canada foresee the likelihood of interest rates turning up again later in the year, bringing about a renewed widening of spreads. If not, there is a consolation prize. Lower interest rates would make bank shares look more attractive than they do now, which should help with the

problem of raising bank capital.



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Ottawa's new industrial policy has slowed down, rather than reversed, the nationalist trend, as W. L. Luetkens reports.

Groundswell of economic nationalism is still evident

ECONOMIC nationalism in deficit. Finally, and most Canada, the bugbear of many a important in this context, foreign investor, comes in foreign ownership of Canadian waves. After the high tide of industry reaches almost colonial last year's National Energy proportions. Programme to reduce foreign ownership of the oil and gas industries, the waters have receded, but the groundswell

Nationalism in Canada derives mainly from the wish to maintain a separate identity next-door to a dauntingly large U.S. neighbour, but also from a deep contradiction within Canada. The country has high industrial development side by side with what, unkindly but not untruthfully, can be called

The level of development is evident to any visitor to Canada: a North American standard of living; much advanced technology; established manufacturing industries in the

underdevelopment.

few facts about the country. It depends heavily on the produc- National Energy Programme is tion of raw materials—hydro-carbons, metals and grain. Though it habitually runs a visible trade surplus, trade in

Mr Herb Gray, generally deemed to be the foremost nationalist in the Liberal cabinet of Mr Pierre Trudeau, estimated in a recent speech that \$5 per cent of the gas and oil industry, which is central to the country's economic pros-pects, was in foreign, over-whelmingly U.S., hands; that 40 per cent of Canada's mining was foreign-owned and 45 per cent of its manufacturing.

When the current Trudeau Government came to power in February last year it did so with a nationalist fanfare. By 1990 at least half the gas and oil industry was to be brought under Canadian control. New and sharper powers were to be given to the Foreign Investment two provinces of central Review Agency (Fira) set up by a previous Trudeau Government ion lives.

What Canada shares with some less highly developed economies is made plain by a give the green light or not.

Of those intentions, the coming in, though in slightly modified form to quieten the uproar caused in the U.S. The plans to strengthen Fira, often derided as a thoothless

current account deficit and to provide Jobs. With that argument reinforced by the North American recession, which has pushed the Canadian unemployment ratio above 8 per cent, the mood in Ottawa has shifted towards a softer approach to the foreign direct investor.

Policy paper

Though the National Energy Programme stands, a policy paper released last November, together with the budget for 1982, said that the same sort of policies were "not appropriate" to other sectors. The paper also buried, or at least shelved. three proposals incorporated in statement last year.

These were that Fira should monitor the performance of existing foreign-owned comthat Fira, which at present operates secretly to protect the business interests of potential foreign investors and of enterprises they may want to take over, should publicise bids when they are submitted for its approval, giving Canadian interests a

how long nobody can tell. and that public money should the hullabaloo caused in be made available to support Washington was a main reason, such counter bids. (Points two But underlying it was Canada's and three do not apply to take-great need for foreign capital overs made via the stock to compensate for its structural market, which have to be public by their nature.) -

The proposals to monitor the performance of foreign-owned companies has been merged in a larger but as yet undefined suggestion to keep an eye on the corporate citizenship of Canadian companies as well. The suggestion to finance Canadian counter-bidders, among other reasons, was probably dropped because of budget stringencies.

It is not the first time, and probably not the last either, that Ottawa, or more particu-larly the Liberal Party, has rig-zagged towards and away from economic nationalism. But the new course means that the nationalist trend has been slowed down rather than reversed. A fairly formidable array of nationalist policy implements still exists.

The energy policy is designed in a manner calculated to encourage the use of Canadian technologies and management in the oil and gas fields. Optimists among the economic pationalists believe that these provisions will give a stimulus to research and development in



Mr Herb Gray, foremost cabinet of Mr Pierre Trudeou

Canada and to Canadian-owned manufacturers of, for instance, drilling platforms for offshore fields. Some industries, such as transportation, radio television, are barred to foreign owners. And though last year's revision of banking legislation after a 14-year break permitted the foundation of foreign-owned banks, it was very double-edged. Strict ceilings were imposed upon the size of their opera-

foreign-owned financial institutions, operating largely in the wholesale field. were put under pressure to apply for banking status and submit to that regime.

The energy policy led among others to the take-over by the Government-owned Petrocan oil company of Petrofina's Canadian affiliate. It is probable that the adverse impact upon the capital account of the balance of payments was one reason why Ottawa reduced

its nationalist ordour. Moreover. Fira remains in existence to investigate proposed foreign direct investment. The criteria applied almost amounts to a summary of the objectives of the industrial policy which Ottawa is working

What effect will the proposed investment have on economic activity and employment and on demand for Canadian-made equipment? Will it encourage further processing in Canada of Canadian raw materials? Will it herp to increase Canadian productivity and technological innovation? Wiff it further competition? Is it compatible with national policies and those of the Canadian province

nificantly affected? The sting really is in the first and last points. In a phase

of slow and occasionally non- us is how many potential ven-existent growth. Canada can tures Canada may have lost ill afford to turn away potential because the foreign investor

That explains why over the years only 134 of 2,059 applications from foreign investors have been rejected. The proportion of rejections has remained relatively stable. What has increased is the share applications withdrawn, though in their case the grand total of 180 since September 1975 is also relatively small. Since the reasons why applications are withdrawn are not known, the recent increase of withdrawals may have something to do with more stringent application of the criteria. Foreign applicants may also have been deterred by the nationalist noises from Ottawa last year. But there is an equally good reason in the less taken of optimistic view taken of medium-term Canadian eco-

vailing high interest rates.

employers. Moreover, the less shied away from the Fira proindustrialised provinces and cess. Besides investigating the those, like Alberta, which depend heavily upon the extraction of raw materials, feel that agency may also seek to tion of raw materials, feet that pressure even more strongly. Impose conditions. The prize in treasures most is a world product mandate, meaning the undertaking on the part of a multinational company to construct development and product mandate. duction of one of its products in Canada.

Experience with Fira may varied but on the whole it is not a fierce heast. For the the best advice is to call on the services of a lawyer acquainted with its ways.

Canadian officials argue that Canada is not alone among industrialised nations in restricting foreign control of its investor conformed with Figure does at least have an idea of the rules of the elsewhere more nebutous, underhand underhand methods may be applied. Fira's record certainly does not look fierce and the Government itself has vielded to U.S. and other pressures to tone down its nationalism. But that is no nomic prospects and in the pre-

CDC at the crossroads

POLITICAL PEACE is urgently internal growth rather than needed by Canada Development Corporation, the resources and added. technology company, which is 48 per cent owned by C\$1.75.2bn of additional debt the Federal Government, while and C\$1.5-1.75bn of new equity it wrestles to rebuild its fin- and retained earnings. ances. Its balance sheet remains tautly stretched since last. summer's deal with ELF Acuitaine of France which left CDC owning Aquitaine Canada, an oil and gas company, and the Canadian assets of Texasgulf. the U.S. mining company. ELF took control of the rest of

Texasgulf. With debt at \$3.75bn and rising and sharply depressed earnings (it is soon to report a fourth quarter loss), the company is under great pressure inierest paymenis debt covenants to make an equity issue-ideally to be made without a cloud of political uncertainty over the government's role in CDC.

Interest payments are running at about 50 Canadian cents a share against external forecasts of 1981 earnings of \$C1.20 a share.

Private investors have always been cautious shout the company, fearing that the Government could try to turn it into a rehabilitation centre for sick companies. The full equity burden falls on the public because the government is prevented by CDC's Establishing Act of 1971 from chipping in more capital.

The long-standing caution of investors turned into outright fright last spring when the economic nationalists, then on the ascendancy in Mr Pierre Trudeau's government, made a botched attempt to change CDC's role. They wanted it to be a politically motivated instrument of economic policy - at

worse a rehabilitation centre. ever, as a profit-motivated acquisitor of highly attractive assets. For example, it declined a part in the Massey-Ferguson rescue. When the public learned what was going on behind the scenes

in Ottawa, CDC's share price tumbled by a third. Even today when the political threat is moved its shares trade at about CS6.50 compared with an asset value estimated at \$\$40 a share by Mr Richard Stovel, analyst with the Toronto in csiment dealers Burns Fry. The market has been sceptical despite CDC's performance under Mr Anthony Hampson, President and Chief Executive since its inception in 1970.

U.S. uproar

Following the Texasguif-Aquitaine deal, CDC is the 10th largest oil and gas company in Canada with extensive land holdings. It owns the Kid Creek copper and zinc mine in Ontario, formerly a Texasgulf assets and considered the best such ore body in the world. It is a major producer of petrochemicals through Polysar and Petrosar of Sarnia, Ontario. It has a 78.5 per cent stake in AES Data, a word processor company, and expects soon to control Savin, a U.S. photocopying machine maker. It is also in the life science, venture capital and fishery businesses.

Because of its aggresive takeovers and its mixed private-public ownership, CDC has never been well liked. One of the more polite tags from analysts is that the manage-ment are "corporate megament are lomaniaes."

Mr Hampson estimates that from a standing start in 1971 sales reached about CS3bn last year and assets hit C\$8bn. They could reacn C\$9bn and C\$13bn respectively by 1986, fuelled by

further major acquisitions, he

The Government is reviewing its role in CDC at the moment and Mr Hampson hopes it will make a decision this year ending the uncertainties to make the fund raising efforts easier.

Recent Ottawa Cabinet shuffles indicate that the most ideologically committed of the economic nationalists have had their wings clipped. But they do retain some offices and political influence.

The Government has at least four options. It can buy out the private shareholders of CDC, although that would further strain Ottawa's finances. Secondly, it can sell its shares and use the money to set up a 100 per cent owned governmen corporation to do its will. But at current share prices the company's market capitalisation is only C\$550m, making Ottawa's stake worth less than the C\$250m of capital it put up initially plus the C\$72m of shares it took for transfering ownership of Polysar to CDC.

Thirdly, it could do nothing to the corporate ownership but change CDC's role. This would outrage financial markets. The fourth choice is to do nothing to structure or policy other than reiterate the intention to leave the company alone. Private shareholders would be unlikely to be very reassured by this because the board was given written pledges of noninterference long before last spring's upheavals.

The 21 voting members of the board are all from the private sector. In addition there are two non-voting directors who are senior mandarins of the Ottawa bureaucracy. The board is staunchly independent of Government influence. It threatened to resign en masse last spring if the Government had forced CDC to change direction.

The board has the right unilaterally to buy out the Government. Mr Hampson believes, however, that the Government has the basic shareholder's right to decide for itself what to do with its investment.

The company could continue dilute the Government's stake by making large and regular share issues. That assumes that the market would digest the paper while the government cloud hung on, but issues at depressed share prices diluted the shareholder's interests.
In the meantime, the company

has financial migraine. Analysts can broadly accept Mr Hamp-son's estimates of C\$250m to C\$275m of cash flow this year free for reinvestment. But they worry that CDC is trying to fund large, steady capital spending, in part, by a cash flow highly suceptible to cyclical demand and prices for petrochemicals and metals. The non-resource side makes virtually no contribution, but like other parts of the business such as oil and gas has a voracious appetite for

CDC is gambling beavily that those prices and demand will revive. If they fail to provide the cash flow or if debt and equity funding fails to become a lot easier, CDC is faced at best with a failure to meet its ambitious growth targets, or at worst with dire difficulties.

Roderick Oram



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Although Ottawa and Alberta have settled their dispute, recovery for the oil and gas business will not be swift. Jim Rusk reports

New challenges for energy industry

AFTER NEARLY two years of scale projects in the oil sands while the takeover spree has crisis the Canadian oil and gas and heavy oil fields of northern come to end, the industry is still business is looking towards a Alberta are to proceed. relatively stable period during which its main challenges will be to adjust to a new policy environment and declining markets for liquid hydro-

The industry has been in a holding pattern since October 1980 when the federal Government launched its controversial National Energy Programme. The latter's main objectives were to make Canada selfsufficient in oil, to get foreign control of the industry down from about two thirds now to half by 1990 and to allow the artificially low price of oil in Canada to rise towards world

Shut down

At the same time Ottawa wished to increase its revenues from oil and gas at the expense of both the industry and of the provinces where hydrocarbons are extracted.

That policy initiative prompted the industry temporarily to shut down drilling rigs, caused the province of Alberta to order a temporary 15 per cent cut of oil production, and made the U.S. threaten retaliation against Canadian companies wanting to

invest south of the border. Only since the signing last autumn of an energy agreement between Ottawa and Alberta, Canada's largest producer of hydrocarbons, have there been signs that the industry is shifting its attention from the halls of government back to Canadian oil fields and drill rigs.

Drill rigs, exploration knowhow and capital have been shifted out of Canada, primarily to the U.S. A soft economy and increasing conservation efforts on the borrowing, that it spent last part of consumers have reduced year to buy out foreign-owned demand. Time will be needed to overcome the deterioration in one of the most highly geared the industry's confidence in government which the acrimony of the last year generated. And line to complete the financing of

with Alberta, the important favourable treatment of details of which have since been Canadian companies in the integrated in agreements National Energy Programme, between Ottawa and other producing provinces, established a dual oil pricing system for Canada in which the price of old oil, now C\$23.50 at the wellhead, will rise to C\$57.75 by July 1, 1986, subject to a ceiling process, of 75 per cent of world levels. of 75 per cent of world levels. New oil will be set at inter-national levels. Natural gas prices are tied to oil prices and the policy encourages the substitution of natural gas for oil-The price schedule, tax levels

under which 55 per cent of production revenue flows into government coffers, rising costs and declining refinery runs have cut into industry profits. The country's largest oil company, Exxon subsidiary Imperial Oil, recently reported fourth quarter profits of C\$49m compared with C\$120m the previous year. The initiative decline will continue in 1982 and industry analysts have pared back their profit forecasts for the integrated oil companies the consortium have dropped accordingly. For example, Mr out and the others are holding the integrated oil companies Alex Squires of Pitfield Mackay out for improved terms. Ross, one of the country's major brokerage houses, recently that BP Canada will 1982, against his earlier estimate

Takeover spree

The weak profit picture could hardly have come at a less opportune time. While the burst I fields and drill rigs.

of takeovers prompted by the nationalistic aspects of the rill rigs, exploration knowhow energy policy has stopped, the domestically controlled industry is still absorbing the C\$6bn or so, financed largely by bank equity. Dome Petroleum, already of Canadian oil companies, recently arranged a \$2.1bn bank some issues remain to be its takeover of Hudson's Bay Oil resolved, particularly if large and Gas.

busy rearranging its affairs to Last September's agreement be able to take advantage of the Canadian control of the industry

> companies hold most of the exploration lands, it will take some time to complete this The "buying back" of foreign equity in the industry may be the least costly of the policy's priorities. The federal Government and Alberta are in the throes of negotiations with Alsands consortium headed by Shell Canada about the fate of the proposed C\$13bn oil

by 1990. Since foreign-controlled

sands plant proposed for northern Alberta. It is not clear whether the plant, which would have a capacity of 137,000 barrels a day when it comes on stream in the late 1980s, will go ahead. The Government has offered a tax and royalty regime supposed to guarantee backers of the plant a 20 per cent rate of return, but two members of

expected to be started be zone and the water is deeper tween the two governments and than the North Sea. Dome's Imperial Oil on the fate of Beaufort finds in the even more Imperial's proposed C\$12bn difficult environment are in heavy oil project at Cold Lake in northeastern Alberta. The project would produce 125,000 coveral, Dr John Dawson, barrels a day of crude oil by a economist at the Canadian process by which steam is inected into the oil sand formation to liquefy the oil and separate it from the sand with

which it forms a sticky mixture. The Alsands' and Cold Lake projects demonstrate a risk in-herent in Canadian energy policy. The assumption of federal planners is that world oil prices will rise through the 1980s as they did in the 1970s. Canadian policy assumes a real increase of 2 per cent per year in world oil prices. That means that they will reach levels late in the decade that would ensure 7 per cent.

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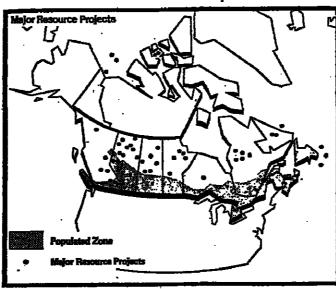
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A Canadian Government task force has nicked out more than 40 multi-billion dollar development projects, largely energy-related, which Canada could tackle this century. Even though not all of them are likely to be taken on, they will change the pattern of the country, drawing economic activity away from central Canada, mainly to the West and into hitherto almost unpopulated areas

Investment rise

Similarly, the policy shifts the exploration emphasis to the Arctic and off the East Coast where there have been promising finds. But these will reout and the others are holding outer new and expensive technology to be developed before production begins. The been completed, negotiations are eastern fields are in an iceberg

> Energy Research Institute, recently estimated that Canada will spend C\$400bn in energy development in 1981-1990, a scenario that would see total investment rising to 26 per cent of GNP in the latter half of the decade and in which energy investment would take 27 to 28 per cent of fixed capital formation. Crude petroleum and natural gas development would account for 56 per cent of investment, while energy electricity development would take 34 per cent and pipelines

the viability of the Alsands and Cold Lake projects, which will trend of the last half of the cost C\$100,000 per daily barrel 1970s which saw oil and gas companies increasingly turn to external financing, will continue. He expects that companies engaged in developing large projects such as oil sand will use project financing to pre-serve their cash flow and borrowing capacity for other purposes. However, the net effect of NEP measures will be to discourage the use of foreign funds to finance oil and gas development. With a heavy use of domestic savings to

finance the purchase of existing assets, he predicts the search for external funds may encounter difficulties. Indeed, Dr Dawson is quite critical of current policy. He feels the oil price agreement between Ottawa and Alberta may be too rigid and, if inflation and interest rates remain too high, oil production necessary to achieve Canadian self-

sufficiency may be slow in coming. "It is evident . . . that we are attempting to do too many things at once. Canada is developing new sources of energy that are much more costly than the sources previously used. At the same time, funds are being used to acquire the assets of foreign-owned oil companies. The latter process may have to be slowed if Canadians are unwilling to in-crease markedly their rate of savings," he concludes.

Metal prices wait for upturn

exploration and development, took a severe blow from the world recession in 1981. The total value of mining production when all the figures are tabulated, is not likely to reach the 1980 level of nearly C\$15bn

(£6.7bn). Production rates for base metals, iron ore, molybdenum, asbestos and several other materials have been cut because of slack demand and prevailing low prices. The industry exports about three-quarters of its

output.
In the most dramatic move, Inco has sold its battery subsidiary, shut down its Guatemala laterite operations, cut back production in Indonesia, and is consolidating on its core operaconsolidating on its core opera-tions at Sudbury, Ontario, where it has low-cost sulphide ores containing nickel, copper and some high-value by-products. Little improvement in the nickel market is foreseen until the second half of 1982.

Coal and gold boost

Though the principle of production and pricing discipline has been widely accepted in all these depressed areas of the industry, the world recession still dominates the outlook for prices. However, veteran observers point out that despite the length of the present recession, inventories of key metals are relatively low. This means that if the twists in U.S. economic policy bring an improvement in industrial activity late in the second quarter of 1982, key metal prices would respond rapidly.

The industry is also beginning to look more hopefully towards Europe, the second largest market, seeing signs of a turnabout in government policies and industrial activity.

The strongest areas in Canada remain coal and gold mining. Western coal development is proceeding at a fast pace, both in Alberta and British Columbia, on the basis of growing demand for thermal and metallurgical coal from Japan and Korea. Prices are being renegotiated this spring.

Several new gold properties are coming into production, mainly in Quebec and Ontario, in the next two years, including a relatively large one on the Quebec-Ontario border at De- improvement is foreseen this tour Lake, These new mines, year. Huge reserves of fibre

prices of US\$375 to \$425 per ounce. Prospects for gold production in western Canada are brightening.

Copper producers have seen the price drop to the lowest level, after allowing for inflation, since World War II. and the impact on company profits has been severe. Faironbridge Copper has just reported a net loss of C\$122,000 for 1981 against net income of C\$30.3m for 1980, on revenues of C\$53m. against C\$125m. Main reasons were the drop in copper, gold and silver prices, plus a mine closure. The company has a

major new copper-zinc-gold pro-perty in north-western Quebec. Generally base metals prices are running at 10 per cent be-low the cost of production, and even if there is an upturn in demand and a relatively fast climb in prices from early summer onwards, the Canadian industry in 1982 will not reach any real recovery in earnings. That will probably have to wait

till 1983. The largest copper properties awaiting future production are mostly in British Columbia. There is still some doubt whether Cominco, the mining and metals arm of Canadian Pacific, will make a decision this year on the big Valley Copper project in southern British Columbia. The Teck group, which successfully de-veloped the Afton copper mine in southern British Columbia, has a large orebody at Schaft Creek, However, costs at some of these future properties will be higher because they are less

In Quebec the Noranda group's large copper operation in the Gaspe Peninsula has been cut back severely, and the chances of developing large new ore reserves in the same area look dim for the foreseeable

Quebec-Labrador, began its cutbacks early last summer, when

through the worst downturn in 30 years, and producers have made widespread cuts. Little

CANADA'S giant mining and plus existing ones generally exist in Quebec particularly, but metals industry, after two years small in capacity, can operate because of the environmental strong recovery and active profitably at present metal issue, development has been recovery and development. shelved indefinitely.

Important changes

The sharp decline of uranium prices has slowed down explora-tion and development of new properties, particularly in Northern Saskatchewan. Esso Resources may not now go ahead with its Midwest Lake project. In that province, the slack will be taken up by capital spending of more than C\$2bn on potash mining development. Potential uranium mines in the West and in Quebec will lie fallow for many years, while the northern Ontario mines will continue fairly active on existing

In the Maritimes, the Billiton group of The Netherlands is readying a tungsten-molybdenum-tin producer and Noranda is going ahead with a zinc refinery in New Brunswick. Coal in Nova Scotia is going

through a revival.

But the thrust of exploration base metals, and precious and strategic materials, continues to be concentrated in northern British Columbia, the Yukon and parts of the Northwest Terri-

Some important changes of ownership have taken place in the industry. Brascan, a large holding company controlled by the Peter and Edward Bronfman interests, cousins of the Bronf-man brothers of Seagram, has

taken over Norauda Mines. The Canada Development Corporation, owned by the Federal Government with public participation, has taken over the Canadian assets of Texasgulf, finder of the richest mine in Canada in the last 25 years— the Kidd Creek base metals producer in Ontario.

Generally the political climate for mining and metals has improved in Canada in the past two or three years. Governments have shown more underture.

The iron ore sector, mainly in of the industry and its dependence on world prices and

the Iron Ore Company of Canada closed its pelletising plant on the Quebec side.

Asbestos, with more than 80 per cent of the mines concentration of the mines concentration of the mines concentration of the mines concentration. trated in Quebec, is going to encourage Canadians to participate more fully in the industry, foreign investment is still welcome in mining and metals.

last year from the NT. He went from Imperial College to ICL

in Britain before joining BNR

Dr Cowpland and his co-

founder of Mitel, Mr Terry

Matthews, also ex-English, ex-BNR, are something of role models for local entrepreneurs.

Seed money for Mitel came in January 1974, with the sale of 25 per cent of its equity for C\$100,000 to a group of local

Mitel's current market capi-

talisation is just over C\$1bn, down from the value of C\$1.8bn

when the share price peaked last year. The company's sales have grown from C\$5.4m in the

fiscal year ended February 1977 to an anticipated C\$200m in the

year ending this month. It sees

sales of C\$1bn by mid-decade,

helped in part by a major manufacturing and marketing expansion in Britain.

Mitel's success has given rise to other companies. Dr Cowp-land has channelled part of his Mitel wealth into his own ven-ture capital company, Bytec Management Corporation.

Bytec has invested in eight

companies so far including Orcatech and Nabu Manufactur-

ing Corporation, a microcom-

puter company which among

other products and services will

link its own make of home com-

puters with data banks and

other services through cable television networks.

played only a general role in the growth of this high tech-nology sector. Tax incentives.

grants and research help have

all contributed but not within

strategy. There are some excep-

tions to this rule such as a

government agency's leading

role in Canada's development

of nuclear power.

Provincial governments have

The federal Government has

doctors and dentists.

in 1977.

Robert Gibbens

Roderick Oram looks at the rapid domestic rise in new ventures

Strong drive for high technology

These fledgling ventures, and their supporting infrastructure of subcontractors and investors, are now a large enough group to act as catalysts for additional new companies. Their boundless optimism is in sharp contrast to the generally dull short-term outlook in other industrial sectors.

For the first time in Canada's development, almost all the new companies are domestic-owned rather than foreign, Reflecting this charactertistic, the Canadian Advanced Technology Association, which accepts only indigenous companies, has grown to about 110 companies since it was established in the

late 1970s.

Mr Robert Long, CATA's executive director, estimates that half of its members are under three years old, perhaps
45 per cent four to nine years
old and only a handful older.
The members' combined
sales were about C\$1bn last year and are growing between 50 per cent and 75 per cent a year. They employed about 17,000 workers at year-end.

He estimates that there may be as many as 1,000 high tech-nology companies in the country with a mammum 51 per cent Canadian ownership.

Number limited

Canada has always had some of its own high technology companies but the number was limited by industry's concen-tration in natural resources, and widespread foreign ownership of companies. Typically, research and development has tended to be done in the parents' foreign plants. The country still lags behind other industrial companies in

the key measure of the percentage of gross national product spent on research and develop-ment. The figure is 1 per cent now and the federal Government's goal is 1.5 per cent by The top 78 spenders on R

and D in the private sector (both foreign and domestic owned) budgeted only 0.8 per cent of their sales revenues last year for R and D compared with the average rate of 2 per cent for U.S. companies, according to a recent survey by the Financial Post of Toronto.

A STRING of high technology panies and 11 Government companies, spawned at an institutions — which account unprecedented rate over the for 70 per cent of Canadian past few years, is helping to R and D outlays. The private broaden Canada's industrial sector ones said they increased their total canadian in the condition of the condition. their total spending 17 per cent last year to C\$915m and the government ones by 36 per cent

> Some Canadian companies outspend their U.S. competitors. They tend to be in the telecommunications, aerospace, steel, farm and construction machinery, and building material sectors, reflecting the basic strengths of the economy and the reality of the large. thinly populated land and harsh climate.

Although the spectrum of high technology compenies runs from nuclear power to genetic engineering, by far the most prominent sector is telecom-munications and related disciplines such as microelectronics. The most dramatic example of the growth lies in the Ottawa

valley, an area of about 1,000 sq miles centred on the national capital. The region has a population of about 600,000, the Government being the largest employer with about 100,000 on

its psyroll.

CATA estimates that there are 300 high technology companies in the area employing about 20,000 people. Of these concerns about 120 are manufactured ratios. facturers with combined sales of about C\$500m. The rest are consultants, distributors, researchers, and the like.
Accurate figures are unavail-

able because the Government's statistical service has failed to keep up with the changing face of industry, according to Mr Long of the CATA. He reckons that only a handful of the companies existed in the mid-1970s. He and other observers believe the sector's workforce could grow five-fold in the next 15 years to rival the static Government sector as the largest employer.

At first glance, the area is Selicon Valley North, but in fact it has one crucial difference; almost all the Canadian companies are in the business of applications rather than solely the large-scale production of integrated circuits.

The region's ability to spawn high technology companies has two clear roots: The National Research Council, a Government body, and Bell-Northern Research, which is 70 per centowned by Northern Telecom, the telecommunications equipment maker, and 30 per cent by The survey covered a total Beil Canada, the telephone of 94 organisations — 83 comQuebec.
The NRC allocates govern-Quebec. technology scene in Canada,"
The NRC allocates government research grants, and its dent of Orcatech, a computer-900 scientists and technicians aided design company, spun off undertake research for the Government and for small companies. Its interest in electronics dates back to the Second World War when its staff was increased 15-fold to work on electronic military equipment. BNR, which is the largest Canadian research establishment with an annual budget of C\$200m and a North American staff of 2,900, can trace its origins back to a 1956 anti-trust

decision in the U.S. Joint venture

American Telephone and Telegraph had, at that time, a minority stake in Bell Canada which in turn owned Northern Electric, a manufacturing subsidiary subsequently renamed Northern Eelecom. AT and T supplied most of Bell Canadas and NE's technology through its Bell Labs and Western Elective subsidiaries.

Following the 1956 ruling on AT and T's foreign holdings, AT and T divested its Bell Canada stake which forced Beli to set up its own R and D capability in NE. The Ganadian Government subsequently forced Bell Canada to separate itself from Northern Telecom.

BNR was soun off from NT's research department in 1971 in belief it could then better serve its two parents as a joint

BNR believes it is the world leader in digital technology for telecommunications and that NT was the first company to commercialise it. These products grew out of huge R and D projects in the late 1960s and early 1970s for which BNR the framework of an industrial strategy. There are some excep-Coupled with the spinoff of people and ideas from the fertile BNR environment, the two factors have left an indelible.

mark on Ottawa area high technology companies.

About 100 companies in the

region can trace their roots some cases in more specific back to BNR, according to Mr ways. The Ontario Government, J. S. Buchan, BNR's vice presi- for example, has set up a dent of corporate development microelectronics centre in dent of corporate development.
Perhaps 30 per cent of the high standard technology companies in the region are headed by British scientists, estimates Dr Michael Cowpland, president of Mitel, a telecommunications of Michael Cowpland, president of Mitel, a telecommunications equipment maker. Dr Cowpland a total budget of C570m a year is a graduate of Imperial Col-BNR employee.

played similar roles to the federal Government but in Ottawa to produce custom-made chips, a computer-aided design

robot centre in Waterloo. London, and an exNT/ are available for contract employee. research for small companies There's an obscene number lacking their own R and D of Brits dominating the high skills

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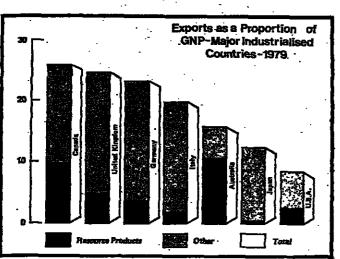
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The U.S. is Canada's largest trade partner by far. Of total Canadian exports of C\$76.2bn in 1980, 63 per cent went to the U.S., which in turn supplied 70 per cent of Canadian imports of C\$68.4bn



Source: Dept. of Finance, Ottawa. Exports play a greater role in the Canadian economy than in most other industrialised countries, but the share of relatively unprocessed raw materials is high

The forest products sector

A spree of take-overs

that provincial governments use

might have some advantage o

this point, the basic key to their

success is greater cost competi-

tiveness because of the Canadian

dollar's devaluation since the last slump in demand. U.S. Congressional hearings are due

Congressional to be held shortly.

Zimmerman,

Noranda's executive vice-president and the man in charge of

its forestry interests, said the

charges were "spurious." He noted that the issue has been

raised before but faded away

when demand recovered. He ex-

pects the same to happen again.

lumber, newsprint producers

have enjoyed continued brisk

in the latter part of last year.

of about 12 per cent in the two years 1981-82. This will push down Canadian operating rates

from about 95 per cent or 96

to cover rising costs, so Mr Kilroy thinks operating profits on newsprint could fall about

35 per cent this year.

Mr Duncan is forecasting annual newsprint price increases

of about 6 per cent to 7 per cent this year and next while costs could rise by 9 per cent

to 12 per cent a year.

Fine paper producers had a good year until the onset of the recession in late summer.

Canadian producers have begun to be squeezed out of the U.S. market while imports into Canada from the U.S. have

three years. The focus this

swings

In contrast to the trouble in

A SHARP dividing line splits cent to 25 per cent share in the Canadian forest products strong markets and 12 per cent industry between prosperity and to 18 per cent in weak ones. In poverty this year, as last, East this sinmp, however, the Cana-of the Rockies and in Central dians' share has risen to 30 per Canada producers, concentrated cent in a market that has conin papers and particularly tracted by a quarter, buoyed up by newsprint, will U.S. forest products combuoyed up by newsprint, will U.S. forest products com-report strong earnings for last panies have reacted angrily to year, some companies reaching the Canadian success, claiming

In Atlantic Canada the unfair pricing policies for industry has been made uncompetitive for many years by ting rights sold to producers.

Although Canadian producers.

Although Canadian producers

companies are in trouble. West of the Rockies, in British Columbia, producers have been struggling against a cyclical set-back in the North American housing industry. British Columbia forestry companies concentrate on lumber produc-

They endured a seven week strike last summer and since then many lumber operations have been in the red. MacMil-lan Bloedel, the leading company, is expected to report a loss, despite its newsprint and

paper interests.
Last year was also marked by an unprecedented spree of take-overs. Canadian Pacific bought Canadian International bought Canadian International demand and sound profits, Papers from its U.S. parent for although margins began to ease

Noranda Mines bought a 49.9

Noranda Mines bought a 49.9

Per cent stake in MacMillan decline in profits because conspent C\$19.6m for a 26.8 per cent stake in Normick Perron of Quebec. Addition—Price, the with Levesque Beaubien, a constraint of the latter part of last year.

The outlook is for a further decline in profits because consumption is likely to remain flat while capacity is increasing.

Mr Ray Kilroy, an analyst with Levesque Beaubien, a constraint of the control of the c largest Canadian newsprint Toronto investment dealer, esti-producer, was sold to Olympia mates that North American and York, the Toronto real estate developer, for C\$625m. of about 12 per cent in the two In addition, Albert Energy Coporation bought Noranda's 28.3 per cent stake in British

Columbia Forest Products for per cent last year to about 87 (\$215m and two Quebec government agencies raised their combined stake in Domtar to 42 per cent this year.

Some price increases are in the pipeline but are unlikely to cover rising costs, so Mr Kilroy thinks operating profits For most acquisitions the take-overs were straight plays to buy assets rather than build them. New newsprint capacity is costing roughly C\$1m per 1,000 tonnes of annual output while the Abitibi deal worked out closer to C\$350,000 per 1,000 tonnes.

The takeovers and minority stakes were also attempts to build up greater holdings of timber rights from a diminish-1.000 tonnes.

Main problem

The industry's greatest prob-lem is the lumber market which lem is the lumber market which is deeply depressed because of the continuing weakness of housing starts in the U.S., a market which takes about 70 per cent of its output. From a peak of near 2m starts a year and an average in the mid-1970s of 17m.18m starts dipoed to of 1.7m-1.8m, starts dipped to 1.3m in 1980 and to about 1.1m

High mortgage rates were the culprit and no upturn in housrates come down to the mid-teens later this year. U.S. housing starts should

pick up socewhat, according to Mr Robert Duncan, vice president of Wood Gundy, the Toronto investment dealer. He is looking for about 1.3m starts this year and 1.6m-1.7m next

He doubts, however, that profits will return to the lumber sector before mid-1982. Prices are currently at their lowest nominal level in six years. Canadians have always been marginal suppliers to the U.S. market, taking about a 22 per

has reacted to the recession new investment in Canada. that is hitting the world adminium industry by curbing its overseas expansion pro-

But even before the full

expensive capital investment programmes outside Canada.

Under the direction of Mr David Culver, the president and chief executive, the group has recently shown a new surge of interest in the further expansion of its home base, Canada, by investment and ambitious oy investment and amounts schemes to make use of the quantities of hydro - electric power that are still available for exploitation across the

Trading conditions remain difficult

Roy Hodson looks at investment plans in the troubled aluminium industry

gramme, at least for the time being Demand for aluminium is poor, with stocks of unsold metal held by producers now standing at more than 3m tonnes equal to about three months' normal western world

force of the trading slump hit the world industry last year it was clear that Alcan was having second thoughts about

By mid-1981, Alcan had indennitely postponed a planned new Australian smelter which accounts for would have had a capacity of roughly half of the western 200,000 tonnes a year and world's aluminium needs, is so would have cost in the region of £500m. In part, the company was influenced by the of £500m. In part, the com-pany was influenced by the fast-changing conditions for smelting in Australia including rising estimates of power costs. But there is no doubt that Alcan

Alcan contends with Alcoa of the United States the position of being the biggest aluminium company in the world. The two giants are remarkably similar in size, each with the capacity to produce upwards of 2m tonnes of ingot aluminium annually. Alcan has more than 1m tonnes of smelting capacity actually in Canada and dominates the industry

Long-term view

Despite the hard times that the industry is experiencing Alcan's actual new investment in Canada last year reached Canadian \$358m which was spent upon major capital programmes, modernisation schemes and other schemes at grammes, modernisation schemes, and other schemes at various plants aimed at improving energy efficiency and environmental controls.

Alcan's capital investment year without noticeable trimming although markets are bad everywhere. The United States three-quarters their production capacity.

Mr Culver believes the longterm prospect for Canada is for 1980. a better return upon aluminium industry investment there and mother country which it under-

WITHIN THE last year Alcan strategy to give prime place to has reacted to the recession new investment in Canada.

But he does admit that present which also has a big enough other new smelter in the 1980s. Trading conditions are extremely have to enable During the last year the comdifficult and likely to remain so for some months at least: "Canadian demand for aluminium is likely to remain soft to come. into 1982 and until there is a recovery in the world economy." more inv

He forecasts that the upturn in aluminium markets inter-nationally could take considerably longer than in previous recession cycles.

Alcan and other companies among the big six that produce most of the West's aluminium support a consensus view that when the world economy expands once again world demand for aluminium will show a medium to long-term growth rate of about 4 per cent a year. In the past it used to enjoy growth rates of around 8 per cent. The big companies believe that those days have gone, probably for ever.

Alcan has recently cut its Alcan's capital investment Canadian production (from last programme will continue this November) to 941,000 tonnes annually (some 92 per cent of the company's rated capacity in had been about 1.1m tonnes, a small decrease on the 1.2m tonnes in the same period of

Alcan sees Canada as a year.

the group to develop to meet pany and the Manitoba Governworld demands and to remain ment signed a letter of intent in front for a number of years to conduct a feasibility study in front for a number of years

Clearly, the advantages of more investment in Canada are now outweighing the more nebulous attractions of other parts of the world such as Australia, other parts of Oceania, and Brazil, in the eyes of the Alcan top management.

While looking for long-term Canadian expansion, Alcan has had no qualms about severely trimming short-term growth to avoid being out of balance with

Delayed

back development of the con-siderable amount of further The start-up of the second new 57,000 tonnes a year aluminium potline at the big Grande Baie smelter in Quebec has been delayed until stallation. market improves and half a potline (some 20,000 tonnes a year capacity) has been closed at Kitimat in British Columbia. Those two moves down-rated Alcan's production capacity in Canada from 1,018,000 tonnes a year to 941,000 tonnes a year.

on the third 57,000 tonnes a year potline at Grand Baie, Quebec, which will raise the total capacity of that smelter to 170,000 tonnes a year by next

Alcan also wants to exploit

for a new smelter in the province. Alcan is interested in investing in a 200,000 tonnes (annual) smelter and related

hydro-electric facilities. the company says it will be started "if and when market conditions warrant," A site north of Winnipeg is the preferred location for the smelter. In western Canada Alcan is also looking at the possibility

of expanding smelter production in British Columbia based upon further development of the Kemano power project. En-vironmental pressures have held

hydro power available. But Alcan says it is confident that a solution can be reached which will permit a bigger hydro in-

> The Kemano scheme is remarkable in that it harnesses high mountain lakes to provide water power at great pressure

Canada is one of the best But construction is continuing prospects in the world for the on the third 57,000 tonnes a expansion of aluminium production by harnessing hydro power. Ing capacity by a massive 25 per Alcan is superbly placed to do it with its roots in Canada. But other big producers is likely to the severe downturn in expand aluminum production aluminium marker demand is at a comparable rate during the worldwide. Until there is 1980s.



David Culver, Alcan's president - pressing ahead with new investment despite hard times in the industry.

recovery in world economic conditions, the industry is expected to mark time, or at cautiously. Alcan is now hoping that its strategic growth will be able to move forward during 1982 albeit at a slower originally.

Although Algan dominates Canadian aluminium, Reynolds, the American aluminium producer, has a smelter at Baie Comeau, Quebec of 156,000 via a waterway that is tunnelled tons a year. An extension is through a mountain from top to planned for that plant. That project together with the completion of Alcan's Grande Bate investment would increase Canada's rated aluminium smelt-

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Five men who caught the headlines in bitter struggles for power in the worlds of politics and business

PAUL DESMARAIS

French Canadian success

hardly a takeover rumour

arose without Power Corp. and Mr Desmarais being men-tioned. He succeeded where

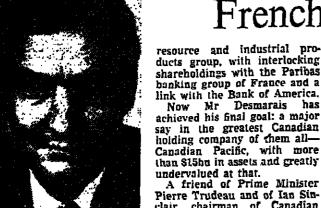
Peter and Edward Bronfman,

cousins of Edward and Charles

Bronfman, who controlled Sea-gram Ltd., stumbled in their

early days. The prize was Great

West Life of Winnipeg, already



Desmarais: exceptional

owned power utility company.

"The nation is in deep, deep

trouble economically. The economic management policies

you have put forward simply

won't work. There has to be

more co-operation with the

provinces. You cannot bypass

Conservative, he is neither from,

nor does he seek to be part

the privileged stratum of

ment," he said.

this legitimate level of govern-

resource and industrial pro- Government. He took control began again, Mr Desmarais all ducts group, with interlocking of that company, then bought a holding company owned by the Montreal financier. Jean Louis shareholdings with the Paribas banking group of France and a link with the Bank of America. Now Mr Desmarais has Levesque and, finally, Power Corporation of Canada. For the next few years,

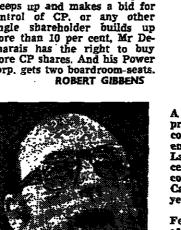
say in the greatest Canadian holding company of them all— Canadian Pacific, with more than \$15hn in assets and greatly A friend of Prime Minister

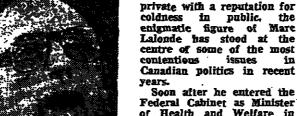
Pierre Trudeau and of Ian Sinclair, chairman of Canadian Pacific, he is now one of the most influential businessmen in Mr Desmarais, back in his Sudbury days, took a simple

along had his eye on Canadian Pacific and, through CP, its immease resource and industrial holdings under the Canadian Pacific enterprises hat

But the heirs of Seagram Edward and Charles Bronfman with more than \$30n cash in hand had the same goal, it was said. In August, Mr Desmarais sold Canada Steamship to a partnership of Federal Naviga-tion and Commerce and its president, Paul Martin, He bought an initial 4.4 per cent interest in Canadian Pacific, taking an option on another block to bring his holding to 10.per cent

By the end of the year, he had dropped the option, consolidated his CP stake at 6.4 per cent and made an agreement with Mr Sinclair to lift that gradually to a maximum of 15 per cent. That makes him





tive solution to social policy differences with Quebet that had bedevilled federal relations with that province and wrecked a vitally important constitutional conference only a year earlier.

It may be typical of him that in 1970 he had reservations about the repressive measures adopted during the October crisis yet supported them firmly and believes it did no particular harm.
"I know of many other

Pierre Laporte. He concedes that after his a Canadian nationalist but adds quickly: "Out of

Then he accepted the delays, although the two projects were vitally important to his goal of oil selfsufficiency for Canada by

On the important question of his attitudes towards state intervention in the economy, he has this to say: "I have never had any dogmatic approach to state intervention. I like to look at those issues in a very pragmatic way. If the people get a better deal in the end, I'm for state intervention. Which doesn't mean it should take place every time, right? I don't have a very ideological bent in the sense that there has to be intervention. But I do not have any hang-ups about it

One man who used to work with him closely says: "Marc doesn't think things through, that's not his strength. He causes things to happer



Lalonde: contentious

MARC LALONDE

Man who makes things happen

private with a reputation for coldness in public, the enignatic figure of Marc Lalonde has stood at the centre of some of the most contentions issues in Canadian politics in recent

Federal Cabinet as Minister of Health and Welfare in 1972 he negotiated without apparent difficulty an effec-In 1980-81 he allowed a

bitter quarrel with Alberta over oil pricing and revenuesharing to drag on for many months and finally settled on terms which the province would have accepted at the beginning.

As the ministerial sponsor of the national energy pro-gramme although not its author, he has pursued policies that are nationalistic, highly interventionist and discriminatory against foreign investors already established in Canada. He describes himself. however, as a pragmatist and for many years has been one of the country's m determined opponents

If as rumour has it he becomes senior minister over giant economic superministry his appointment **V**ill be taken as a signal of further interventionist policies by the central government. Yet no one is quite sure. In many ways, he still talks like a pragmatist. He is a man of contradictions and not easy to understand.

countries in the Western world which have tried to compromise with terrorism and they are still fighting it," he says, arguing that the temporary suppression of civil rights in Canada actually ensured their survival through the quick suppressi of terrorism after the kid-napping of James Cross, British Trade Commissioner. and the kidnap-murder of Quebec's Labour Minister

long opposition to Quehec's variety of nationalism, he has become at least to a degree

It has never been clear why the man who could, without trouble, negotiate a successful solution to an apparently intractable problem with Quebec found it so hard to arrive at an agreement with Alberta. The delays stailed work on two multi-billion dol-lar energy projects and he talked for a time of trying to use Federal powers to take over control, over what is normally a provincial juris-

JEAN CHRETIEN

Little guy makes good

of the Trudeau Government.

Blunt at times to the point of brutality he has been described as a man who might

insist that the popular view of him as out of his depth was wrong. He seldom bothered to read long memos and insisted on concise oral briefings but his associates maintain that he

energy. After the 1980 election and openly furious at an Opporeturned the Liberals to power, sition member who parodied he played within weeks a major role in the Quebec referendum campaign that led to defeat of in the middle of a battle. He separatism. Without a rest, resents Montreal intellectuals he plunged into the struggle because of their attitudes of over constitutional change superiority but gets along wellwhich went on from then until last November and throughout quintessence of Montreal was Prime Minister Trudeau's intellectualism.

It was probably his fervent separatist Movement tend to be

MR JEAN CHRETIEN, a Quebec and unquestionable faith in machinist's son and 18th among Canada that protected him from 19 children, has worked hard to the resentments stirred up by preserve his populist image as the federal attempt to patriate "the little guy from the constitution unilaterally and Shawinigan" but he is one of the most experienced members without provincial agreement. He was as determined on that He was also the one major course as Trudeau himself until federal actor in last year's the Supreme Court of Canada constitutional quarrels who derailed it but where the Prime remained consistently well-liked Minister was considered by provincial ministers and arrogant and hostile to the proofficials and the only Liberal vinces his Justice Minister was Cabinet minister who is viewed as a stubborn "street genuinely popular in Western fighter," another image he encourages.

Jean Chretien is the Canadian who keeps the words "patriotism" and "patriot" described as a man who missiskick another and then have his from becoming totally victim say: "That Jean unfashionable in Canada. In a Cabinat marked by the Chretien's a nice guy."

Cabinet marked by the His image as a plain, simple man hurt him as Minister of Finance before the Trudeau he eschews nationalism for the relationship of the restriction of the re Government's 1979 defeat, but role of patriot and is never officials who worked with him embarrassed to claim that label. embarrassed to claim that label.

He is sensitive to criticism and admits to an inferiority complex which 18 years in Parliament, 14 of them as a Cabinet Minister, has not over-come. He is hurt by any grasped the intricacies of the reference to a slight facial Finance Department's role.

He is a man of tremendous attack of polio and was bitterly paralysis left by an early attack of polio and was bitterly the style of speech it causes. Yet he often seems at his best with Trudeau who is the

The leaders of the Quebec



Chretien: blunt

intellectuals and they show a special dislike of Chretien, in part because of his working class background and in part because his populist approach is dangerous to them.

"They detest me," he says. I may hate what they want to do to Canada but I don't hate That's a difference patriotism." a dit

Alone among possible successors to Trudeau he has made no secret of his intention to contest the Liberal leadership when the time comes. The Prime Minister has warned ambitious colleagues not to campaign while he is still there but he does not seem to object Chretien's frankness about his long-term objective.

W. A. WILSON

BUD OLSON Profits count

SENATOR H. A. (Bud) Olson of Alberta firmly denies that a recent reorganisation of government departments made him Pierre Trudeau's economic development czar, pre-eminent over the Cabinet's nationalistic interventionists.

"That's not a role I have nor a role I seek," he said recently.

His essentially conservative philosophy, however, is the antithesis of the positions held by his fellow cabinet member. Mr Herb Gray, and he is widely credited with having hlanted the thrust of the latter's ideas, which are strongly nationalistic and interventionist. Senator Olson one of the few cabinet ministers to enjoy the full confidence of the business

It probably does go too far to suggest that the Alberta Senator, once a Social Credit member of the Commons and after crossing the floor one-time Liberal Minister of Agriculture, is a czar. Nor is he a member of the small inner circle that holds the greatest power in this Trudeau Government.

No-one has much influence on the tight inner circle on the matters that preoccupy constitutional issue, the National Energy Programme and troubled oil relations with Alberta. It is in areas outside the major preoccupations that others have varying degrees of influence and at that level Sen. Olson has had substantial power.

More than anyone else he

blocked Mr Gray's determination to strengthen substantially the powers of the con-troversial Foreign Investment Review Agency and then-successfully opposed a highly interventionist industrial strategy which the same Minister was pushing. Sen. Olson has Minister of State for Economic

Development but his influence comes from his chairmanship of the Cabinet committee on economic development, which groups all Ministers with any responsibility in that area. I guess I believe that you don't really need to be an interventionist so much in the economy because, you know, they seem to run better the surrounds them. You don't need to own things to get revenue out of them. Quite frankly, I believe that if you have the private industry out there, the dedication that goes with the profit motive. you know, to sell the stuff and

there, otherwise you don't win." In his periods out of active politics Senator Olson has been a merchant and operator of a 5,000 acre beef and grain ranch in south-eastern Alberta near Medicine Hat He still refers to that as "the real world" and to Ottawa's powerful bureaucrats as "the people down there." It has been suggested that in this

Trudeau Cabinet his conser-

make it a viable industry, is more effective than the

government being in it. That

motivation has got to be

Olson: common sense

vative views make him sound

like a teetotaller in a gin mill "There's a few others there that understand that pretty He made his initial political reputation soon after he was first elected as a Social Credit member of the Commons in 1957, mainly because his well-argued positions always seemed to display common sense, not the predominant quality among the old Social Creditors. He lost his seat in the Con-servative landslide of 1958, was re-elected in 1962 and

left his old party in 1967. Although, former Prime Minister Pearson liked him and welcomed his move into the Liberal Party, it was Mr Trudeau who gave him his first Cabinet post in 1968 as Minister of Agriculture. He was defeated again in 1972 and appointed to the Senate in

W. A. WILSON



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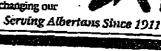
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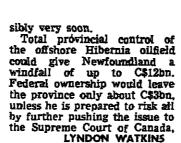
substantial and now one of the largest life firms in North commerce degree and then dropped out of a law course to Mr Desmarais was in and ABOUT 20 years ago, Paul Desmarais, a Franco-Canadian out of real estate on a large scale; he also took over Canada manage the bankrupt Sudbury from Sudbury, Ontario, appeared like a thunderbolt on St. James Street, Montreal, Bus Company which his lawyer father had just bought. Steamship Lines, the largest Canadian lakes carrier and, with it, a national truck haulage company, Consolidated Bathurst, a major pulp paper and packaging group, which later branched out into Europe. With the help of loans from which was already being forced the Royal Bank of Canada and Inco Ltd, he quickly brought the to give way to Toronto as Canada's commercial and financompany back to profits and went on to buy bus businesses Mr Desmarais made his first in Ottawa and Quebec city. major takover of a Montreal holding company and soon went Transportation seemed his first love. Soon, Mr Desmarais More financial services in single shareholder builds up terests followed a Quebec news more than 10 per cent, Mr Desaw dormant cash lying in the paper chain and, lately, diver- smarais has the right to buy shell of a Quebec power com-pany which had utility assets sification into oil and gas more CP shares. And his Power through Consolidated Bathurst. Corp. gets two boardroom-seats. He built Power Corporation of nationalised by the Quebec Canada into a financial services Last year, the old rumours **BRIAN PECKFORD** A cocky fighter MR BRIAN PECKFORD, New- considered the former British correct what he considers are foundland's premier, at the age colony its collective fiefdom. the collective economic inof 39, is still living up to his justices heaped upon his home-His political ideals stem from reputation as the bad boy of Canadian confederation. The land, poorest of the Canadian provinces. It has led him into the injustice he says he saw while working among the propugnacious former high school acrimonious vince's poor as a part-time welfare officer during his days Ottawa over the ownership of English teacher, used the recent First Ministers' meeting on the at Memorial University in St. offshore oil and gas. economy in Ottawa to lecture His shrill complaints against the inequitable 60-year, Church-John's in the early 1960s. Mr Pierre Trudeau, the Prime Having earlier attempted, Minister, and his ministers on hill Falls hydro power sales unsuccessfully, to become a the folly of their ways. Liberal candidate, his involve-

Quebec by a former Liberal ment with the Conservative party in 1971 was purely arbitrary. He might just as Newfoundland some C\$500m a year — and against federal claims to the offshore, easily have joined the social democratic NDP. But having led people to wonder what ever once become a Conservative, he happened to the quiet courtesy quickly was noticed, first as special assistant to then pre-

While the rhetoric wasn't successively as Minister of quite up to Mr Peckford's usual Municipal Affairs, then Mines fire, the substance was quite and Energy, and upmately as in character. While nominally a Conservative has in character. While nominally a the party. when Having sought political power between to correct personal injustice, he provinces and Ottawa over off-Newfoundland society that long has attempted as premier to shore resource conclude, pos-

agreement, negotiated with government — at rates which the ordinary Newfoundlander. Mr Peckford replies: mier. Mr Frank Moores, then "All I am asking is the right for Newfoundlanders to be

treated as equals, not as second class citizens." His effectiveness will be negotiations the eastern coastal



Peckford: acrimonious



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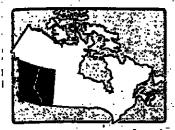
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TORONTO DOMINION

where people make the difference

CANADA VII

Jim Rusk explains the growth in Alberta and British Columbia's economies



Shift westwards continues

THE ECONOMIC forces that made Canada's two westernmost provinces, Alberta and British Columbia, into the most rapidly growing region of the country in the 1970s are protecting their economies against recession this year.

Though both will have lower rates of growth than in some of their recent boom years, they are expected to outperform the Canadian economy as a whole by a wide margin. Alberta's provincial Treasurer, Mr Louis Hyndman, expects the pro-vince's economy will grow by 5.5 per cent this year, a full point higher than last. British Columbia is expected to turn in a growth rate of 2 to 3 per cent. Both rates are well above the performance expected for

While the reasons for the relative buoyancy of the two provinces differ, their performance is a continuation of one of the dominant trends of the Canadian economy in the 1970s: shift westwards in activity. The once dominant industrial heartland of central Canada has stagnated; the West has boomed. Moreover, just as population and economic shifts to the south have redrawn the U.S. political and economic map, the shift westwards, which will continue as strongly in the 1980s as the 1970s, is reshaping

the Canadian political economy. The political shift, which has been typified by the often bitter battles between Alberta and the gressive Conservative Party. central government in Ottawa for control of resource development, will become evident later this year when the first reports

also of seats in the Canadian Parliament for the western provinces. It will not be enough as yet fundamentally to upset the central Canadian dominance of national affairs but is a sure sign of where things are going. The political stress between

Ottawa and the West is muted by last year's resolution of the issues which dominated Canadian politicsthe fight over the patriation of the constitution from Westminster and over a pricing and taxation regime for oil and natural gas, the foundation of Western wealth.

Even keel sought

At the recent economic conference between the Prime Minister, Mr Pierre Trudeau, and his 10 provincial counter-parts, both Alberta and British Columbia differed with federal economic policies but in tones that were markedly less strident and personal than during the constitutional and energy price negotiations.

Alberta's Premier, Mr Peter Lougheed, is anxious to get relations with Ottawa on to a more even keel, a tactic that some provincial political observers feel is an integral part of a carefully conceived design to put himself in a position to replace the former Prime Minister, Mr Joe Clark, as head of the federal Pro-Mr William Bennett of British Columbia, whose Social

Credit government will face a

later this year or next, is anxious to present himself as a statesman who knows how to

a statesman who knows now to get on with Ottawa and play a significant national role.

Though quite different physically, the two provinces have reaped the economic benefits of strong resource-based growth in the last 15 years. Alberta, which runs from on the eastern stones of from one the eastern slopes of the Rocky Mountains out on to the central North American plain, is the major producer of oil and gas in Canada. Oil has been the basis of its growth.

British Columbia, a mountainous province on the Pacific coast, has an economic base of forestry, fishing, hardrock mining, coal and natural gas, and a strategic location facing the booming economies of north east Asia across the

Alberta's strength in the current recession is based on its successful diversification efforts of the last decade away from a narrow base in agriculture and oil and gas extraction. Its commercial centre, Calgary, currently has under way the construction of more square feet of office space than any other city in North America. Most of it is leased to tenants before the buildings are com-pleted.

Manufacturing output in Alberta has grown 50 per cent faster than the Canadian average since 1965 and the province, which once depended on the food and beverage industry for 40 per cent of its manufacturing, has now become stiff challenge from the social an important petroleum refin-democratic New Democratic ing and petrochemical producer.

can compete even in Japan with Middle East suppliers.

While unemployment nationally will run between 8 and 9 per cent this year, it will be less than half that level in skilled migrants stay on the unemployment rolls or drift in to perty crime. The boost to lation and from the commercial activity in Calgary.

The petrochemical industry is still expanding. With three new projects to come on stream in 1983 and several more planned by 1990, Alberta will supplant Ontario as the leading Canadian

Ontario as the leading Canadian petrochemical producer.

The oil and gas industry, which sat on its heels during the two years of oil price negotiations with Ottawa, will not get back into top gear this year. Operating budgets for 1982 were set before last autumn's agreement and drill rigs will remain idle this winter although 1982 and early 1983.

Unanswered question

The unanswered question for Alberta, and the one that will determine its economic fate in the middle part of this decade, is the future of several largescale projects now being planned in oil sands and pipeline development. The recent withdrawal of two partners from the Alsands consortium, headed by Shell Canada, have cast doubt on the future of this C\$13bn project in north-eastern Alberta, even though it was expected to go ahead this year after several months of difficult negotiations involving the consortium, Alberta and Ottawa.

If Alsands does not proceed there is then a good chance that the similarly priced heavy oli project at Cold Lake, planned by the Canadian subsidiary of Exxon, may not get off the ground. Similar fears are held for the fate of the Alaska gas ditional U.S. market.

are published. They will herald Party when it goes to the polls With its new world scale plants pipeline, several hundred miles a gain of population and hence later this year or next, is Alberta's basic petrochemicals of which will cross Alberta, as its financing problems remain

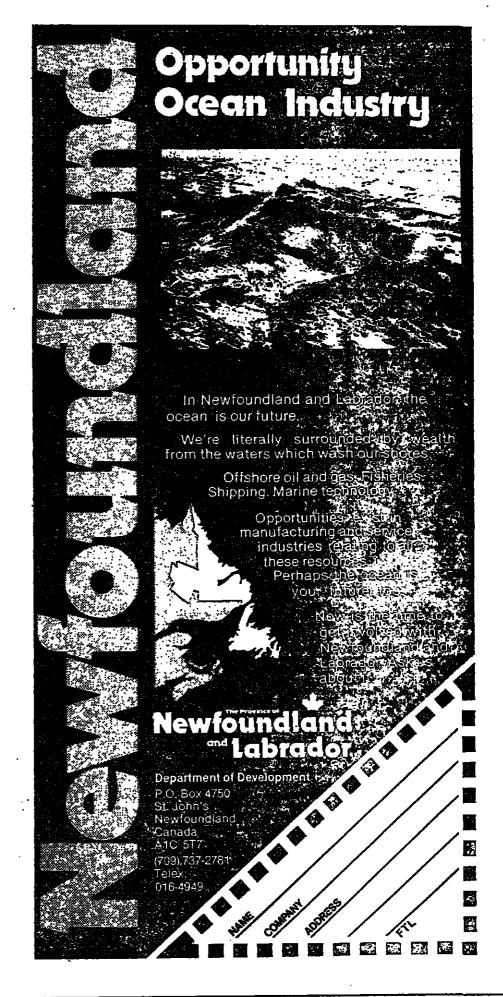
> In British Columbia the un-answered question is the timing and shape of the U.S. recovery. Alberta, a promise that is draw- in the second-best performance ing unskilled workers from the of any Canadian province des East to migrate West. Their pite cyclical factors which are movement is creating social working strongly against it. The problems in towns such as Calforest products industry of the working strongly against it. The forest products industry of the province, where layoffs are high and profits non-existent. is going through its worst patch since the depression. Only a Alberta's economy this year sharp and significant recovery comes from construction to in the U.S. housing market will house the rapidly growing popu- pull it out. The industry is uneasy about the prospect that a mid-summer jump in U.S. interest rates could scupper the chances of any improvement

Similarly, the base minerals industry in the province has been squeezed by weak prices and the recent flurry of mine development has ground to a halt. The fishing industry, which has yet to color the mark. which has yet to solve the prob-lem of too many boats chasing too few fish, is probably in for another poor year as price pros pects are poor. British Columbia's strength

comes from its Pacific rim loca tion and massive coal reserves A C\$3bn coal development proect in north-eastern British Columbia, which will serve the Japanese market, is in full swing. About C51bn is being spent on the project this year and initial shipments are planned for 1983, Shipments to Japan and South

Korea are already increasing from existing south-eastern fields, prompting both field de port expansion at Roberts Bank near Vancouver. Similarly, at Prince Rupert, British Columbia's major northern port, a C\$500m extension of coal and grain shipping capacity is being

the outlook for kraft pulp is strong enough for two major projects to be under way, adding to the capital boom that is carrying the province through the cyclical downturn of its traditional industries and tra-



Roger Newman on Manitoba and Saskatchewan

Slower but steadier growth ahead



MANITOBA and Saskatchewan will both experience slow but steady growth in 1982. Like all of Canada's provinces they will be held to modest economic gains by high interest rates and the current north American recession. But with the rest of the West, both will achieve higher levels of prosperity than Canada as a whole.

Saskatchewan, for example, is expected to record real growth of three per cent this year, while the Manitoba projection is two per cent. This is a slowing down from 1981 when their growth rates respectively were 5.3 and 3.3 per cent.

In Saskatchewan it is business as usual under the 10year-old New Democrat regime of Premier Alan Blakeney.
The province is almost totally dependent on its resources—
the prime ingredients being agriculture, potash, uranium and heavy oil.

Saskatchewan farmers, who plant the largest wheat acreages in the nation, have cut their rental spending because of declining world grain prices and rising production costs. Nevertheless their bins are full as a result of a bumper crop last autumn and sales are almost guaranteed because the Canadian Wheat Board, the government grain exporting agency, has had no trouble finding foreign buyers.

The board has substantially expanded its shipping programme in the current crop year which started seven months ago. Board officials want Canada to strive for a 50 per cent increase in grain exports by 1990. So the longerterm outlook is bright for agriculture, Saskatchewan although grain prices will have to move up if farmers are to cope with their escalating

Oil investment

In 1982 much of the new

investment in Saskatchewan will be in the oil industry. A fivecompany consortium led by Husky Oil Operations is planning to build a C\$1bn heavy oil upgrading plant at unspecified site, prob unspecified site, probably Moose Jaw or Regina. The new plant will process Saskatchewan and Alberta heavy crude into synthetic crude, making it suitable for a full range of petro-leum products. Between 300 and 400 jobs will be created when the plant opens—and 2,500 workers will be employed during the three-year construc-

Saskatchewan's large potash industry is encountering soft world markets after an 18-

month boom. There have been a few scattered layoffs, but no major shutdowns are foreseen materialise the government will at the province's mines.

Similarly, the uranium industry is not quite as buoyant as in the past. Eldorado Nuclear has announced the mid-1982 closing of a uranium mine in northern Saskatchewan because of depleted ore reserves. In addition, poor markets have caused the postponement of another major uranium mining project at Midwest Lake, also in the northern half of the province. But on the brighter side work is under way on another northern Sasketchewan mine—Key Lake—which will be one of the world's three largest uranium producers when it

While stability prevails in Saskatchewan, this is a time of excitement and change in Manitoba. A new Democrat government captured power in November, ousting a tight-fisted four-year-old Conservative administration.

The New Democrats, led by Premier Howard Pawley, have promised to increase government spending to stimulate the province's economy.

province's economy.

The NDP—a social democratic party—has pledged itself to undertake a host of programmes, including extended medical and welfare services, facelifts for rural towns, the construction of senior citizens' housing and increased acclerance. construction of senior cruzens housing and increased assistance to family farms. However, Manitoba's projected deficit for the current fiscal year ending March 31 is a record C\$253m (about £110m), almost three times larger than last year's C\$200m.

The Pawley administration is also faced with high interest rates and a federal government plan substantially to reduce its budget contributions to Mani-toba and other Canadian provinces. Mr Victor Schroeder, Manitoba's Finance Minister, estimates his province will lose C\$150m in federal funds in 1982-83 unless he can persuade Ottawa to change its mind. Furthermore, provincial tax revenues are none too buoyant because of lower contributions from three flagging Manitoba industries—mining, forestry and construction.

During the next three to four years any economic resurgence in Manitoba may depend on the fate of three so-called mega-projects proposed by the former Conservative govern-

ment.
The Tories were negotiating with the Aluminum Company of Canada of Montreal in hopes of persuading that company to of persuading that company to build a C\$800m smelter north of Winnieg, the provincial capital. Talks were also being held with the U.S. group International Minerals and Chemical Corporation of Northbrook, Illinois, which is interested in huilding a C\$500m notash mine building a C\$500m potash mine building a C\$500m potash mine in western Manitoba. Finally, the Conservatives were trying to set up a deal to build a C\$10n western power grid for the export of Manitoba hydro power to Saskatchewan and

also be able to resume conasso be able to resume construction of C\$1bn of power stations on the Nelson River in northern Manitoba. The Nelson development prothe uranium gramme initiated in the late 1960s, provided a great deal of stimulus to Manitoba's economy until 1977 when power surpluses forced a postponement of further projects.

Mega-projects

As things stand, plans for the power grid and the potash mine look fairly solid. But there could be a stumbling block with the smelter because Alcan wants to buy a half-share in a Manitoba government-owned power plant. The company's offer was accepted by the Conresisted by the New Democrats, who firmly believe in public ownership of all power plants.

The mega-projects, however. are down the road. During 1982 nothing of a spectacular nature is going to happen in Manitoba. The province's unemployment rate, now 6.7 per cent, is expected to average 6.6 per cent this year. Furthermore, federal manpower officials estimate that only 3,000 new jobs will be created in Manitoba in 1982, bringing the total number of employed to 466,000.

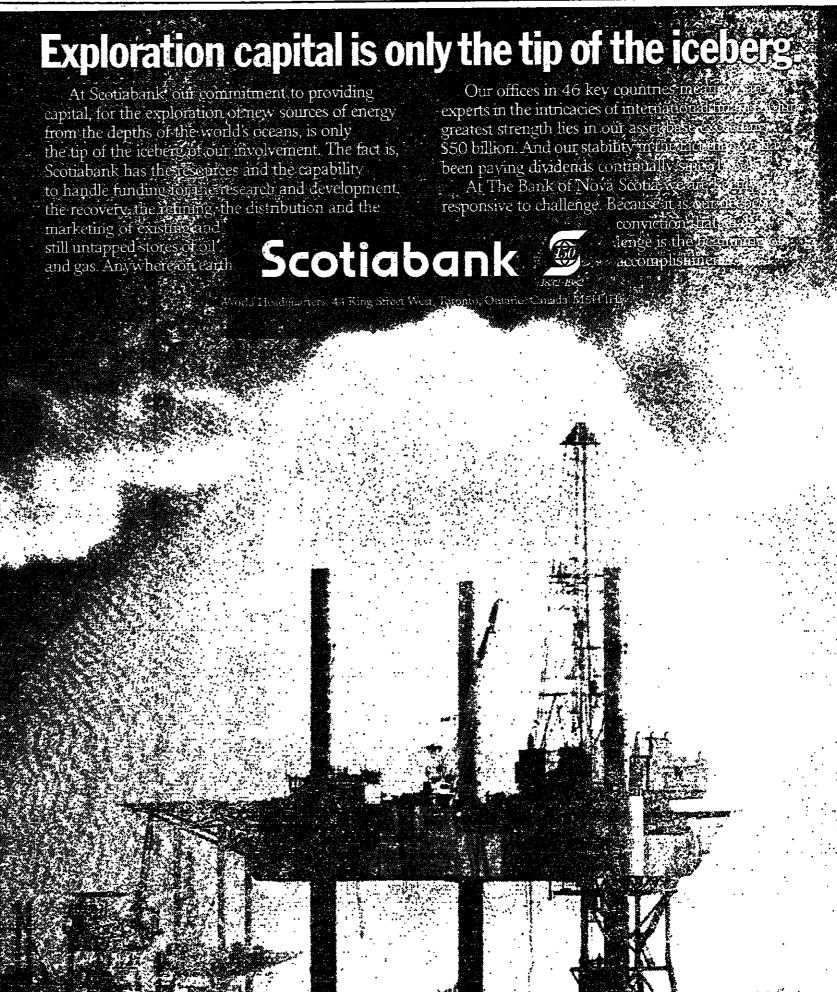
Relatively strong industries in the province in the months shead will include agriculture, manufacturing and some service professions such as computers and tourism. In addition, housing and general construction should show some improvement from 'the low levels of the past few years. But on the other hand there will be definite weaknesses in

such sectors as mining, forestry and retailing. Saskatchewan's NDP government does not have to worry about money-because it has C\$1bn of resource revenue set aside in a special fund established in 1974. About 65 per cent of the resource income finances the province's regular expenses while the remainder is allotted to the further development of Saskatchewan's resource industries such as potash and heavy oil. With so much cash at its disposal the Blakeney government is able to

Unemployment in Saskatche-wan will average 5.6 per cent this year, up from 4.8 per cent in 1981. Similarly, new job creation will be modest, with the number of employed increasing by 2,000 to 433,000. On the positive side Saskatchewan's population is

aim for a balanced budget

now growing after going downhill for decades. There are now a record 98,000 citizens in the province, a net gain of 2,000 in the past year. That means more customers for the province's businesses. And while Saskatchewan tends to fare better than Manitoba because it has more resources, both provinces should experience modest growth in 1982.



IV,



The problem of stagflation is now more pressing than Quebec's constitutional row

Economic woes preoccupy Quebec

ECONOMIC WORRIES have become the most immediate pre-improve education, health and occupation of the Quebec Gov-social services and spur growth ernment of Mr Rene Levesque. They are more pressing than its constitutional row with the federal Government in Ottawa and Mr Levesque's step-by-step approach to sovereignty or even independence for Quebec.

The Government has forecast a real growth rate of 1.3 per cent in 1982, but private fore-casts indicate that Quebec will do well to manage 0.5 per cent. Unemployment has risen to 12

The political implication is that electors may feel less certain about the attraction of living in a Quebec of their own, separated from Canada. Mr Levesque himself has always proclaimed that he wants sovereignty only in close economic association with Canada. When militants took over the conference of his Parti Quebecois last December he called for a postal ballot among the party members which produced a majority backing him. but also a high level of absten-

Fearful

The militants were aroused by Quebec's failure last year to defeat the constitutional reform proposed by Mr Pierre Trudcau, the federal Prime Minister. Always jealous of its rights, Quebec feared that they were of a centralist nature, Mr Trudeau rammed home his advantage by proposing changes to the country's fiscal system which would deprive provincial governments, that of Ouebec in the forefront, of substantial budget-to-budget transfers from

Mr Levesque's dilemma is that the Parti Quehecois draws much of its support from civil servants and public-sector employees. Yet, like other Canadians, Quebeckers have come around to the view that their public sector is too big and fat and too costly.

Quebec, with its 6.3m population, is the second largest province. Its total public sector is larger proportionately than any other in Canada. Public sector activities account for about 45 per cent of gross proproduct, against the national average of 41 per cent. The high proportion stems from efforts over the past 20 years

modernise the economy, social services and spur growth to reduce unemployment.

in the grip of stagflation. Both Mr Levesque and his Finance Minister, Mr Jacques Parizeau. say the province can no longer afford to give public sector workers pay increases sufficient 2 to keep up with inflation running at 12 per cent or to go on paying pensions at 70 per cent of retiring salary. Mr Parizeau admits that his budget deficit could be more than C\$3.5bn (about £1.6bn) for the year ending March 31 next, and might be more if the federal Government insists on cutting transfer payments. Health and welfare services are being cut as the

This is a painful process for a government re-elected less than a year ago on the promise of more social democracy.

provincial government slashes hospital and social welfare

It knows it has a large measure of support from middle-class taxpayers. It had little difficulty last month in forcing back to work striking ublic transport workers in Montreal with special legislation and fines.

The province must now enter a prolonged period of austerity. The budget this spring may again raise taxes as well as cut expenses further, even though the corporate and individual tax burden, federal and provincial combined, is already the highest of any province.

The Government has tried

for several years to stimulate personal saving and investment small and medium-sized businesses through tax concessions and special provisions, and there has been some improvement in productivity. But progress has been halted by the recession. The giant James and its support for the economy is declining. The Government is coming around

Quebec. But such projects cannot be turned on overnight. The strongest industries are

up development of other rivers

and clothing sectors are de-Yet the economy is held tight pressed and the primary sec- of tors are not likely to improve minority of about 20 per cent.

> investment by Alcan Aluminium mand is under pressure.

Mr Levesque can expect official little sympathy from Ottawa, vince. His relations with the Trudeau point following a Federal-Provincial economic conference case it has put before me which focused on transfer payments. He remains adamant that ever the ruling the case is likely to go to the Supreme of Canada. Quebec is

destined for the Western energy link with the rest of Canada, no industries, engineered products matter how gradualist he must and some light manufacturing. be because of economic condi-The traditional textile, shoe tions. But this must be achieved with due respect for the rights

until well into the second half at the same time he has allowed of this year.

Aluminium for two years was pose another reform of the strong area because of heavy schools which has angiophones, other minorities and confessmelter modernisation north stonal groups up in arms with Quebec City but this has suspicion. They suspect that the tailed off and primary ingot de- real motive is further to enofficial language of the pro-

Quebec's main hope for a Government have sunk to a low further delay of the Trudeau point following a Federal-Pro-constitutional package lies in a

major Canadian constitutional changes of Anglo-French duality in Canadian federalism.

The problems with the Quebec economy stem only partly from the world recession. Private investment has also been discouraged by the provincial government's language, taxation and industrial policies, which tend to raise costs and inhibit

The government's honeymoon with the big union federations, though tenuous from the start in 1976, led to suspicions that some labour and industrial legislation was deliberately antibusiness and anti-employer. Late in 1979 the Montreal area, which represents about

two-thirds of the provincial economy, began to look up and

arguing that by convention about C\$500m of downtown office construction projects got require Quebec's under way. Federal grants approval because of a principle helped to get manufacturing investment off the floor.

> Francophone and anglophone business leaders got together to try to bring new industrial projects to Montreal and to promote the city's claims as a supply and support base for the coming East Coast offshore oil and gas development boom.

But private investment in the province remains low, running at less than half the rate of Ontario, itself no longer a booming province. A trickle of out of the Quebec towards the West continues unabated, driven away by high taxes, the language laws, and the poor business outlook.

Robert Gibbens



Premier Rene Levesque: outmanoeuvred but still fighting Mr Pierre Trudeau's constitutional plans



THE PREMIERS of the four predictable bitterness and yet, Atlantic provinces believe that despite their concerns and the the Canadian federal Government's tightening fiscal policy economist that indigenous will strike most heavily at their region's already embattled region may not survive the economy. Reductions in federal present recession, there are transfers for health care, education and other services and a of just over 2m people may be watering down of budget pay- on the verge of its greatest-ever ments from Ottawa, will pare

As a result, the premiers say, services, increase deficits or substantially raise taxes to cover the shortfall.

about CSIbn from revenue in

the region over the next five

recession is already under- of the century according to a mining the well-being of two of recent federal estimate. This the region's leading industries, would put the Atlantic region to the concept of exporting fishing and forestry, and sendpermanent power supplies to ing the monthly rate of of the country in terms of per the northeast U.S. and speeding corporate bankruptcies to three capita investment spending. times its usual level.

in the subarctic north of as the left-over end of the measure of scepticism. Even country, the four premiers the long-touted offshore oil

in the present state of the aerospace and components, electreacted to this adverse compossibilities raise something of tronics and controls, equipment bination of circumstances with a jaundiced local response.

Four premiers react strongly to cuts in federal transfers

Anger in the Atlantic Provinces

view of one senior provincial entrepreneurs in the Atlantic present recession, there are reasons for believing that area period of economic develop-

Conservatively C\$30bn could be spent over the next 10 years on a series of big they will be forced to cut projects ranging from offshore oil and gas development to mining, hydro and tidal electric the recession. The giant James cover the shortfall.

Bay hydro-electric project is The prospect is daunting, and steel. The figure could go past the peak of its construction coming at a time when the as high as C\$460n by the end proportionately above the rest

As the leaders of an area economy these predictions are which has long regarded itself viewed locally with a great

of the Hibernia offshore field, Canada's largest single oil field, 186 miles east of St. John's, capital of Newfoundland, did cause a flurry of real estate speculation both there and in Halifax, the Nova Scotia capital. Primes rose by between 15 per cent and 40 per cent. Investors, particularly Euroeans, continue to show active interest both in commercial properties and land in these two provinces, but for the most part excitement over the long-promised "oil boom" was short

Deterioration

A marked deterioration in local business conditions, resulting from last summer's upprecedented rise of interest rates, diverted attention from oil related investment opportunities to the more pressing. immediate task of corporate survival.

The Crosbie group 'of St.

John's, a large diversified business organisation that had inrested heavily in offshore servicing, was among a long list of local businesses caught by the economic downturn. While its offshore division survives, the company was forced to dispose of its important shipping, trucking, publishing and heavy equipment subsidiaries

While few doubt the signific- be built. ance of future oil developments, the question increasingly being asked is, who will be around to see it happen? The answer on the outcome of a dispute, which has gone to courts, between Ottawa, Nova over the next 31 years. Owned

administration of the oil.

With east coast reserves now estimated at 12.7bn barrels of Gulf Canada and Petro-Canada, oil and 100 trillion (million x and Mobil Canada and Nova million) cubic feet of gas, the stakes are high. Newfoundland Nova Scotia's suitability for is taking a tough stand on full petrochemical production, using ownership and control Nova Scotia has chosen a more flexible atttinde.

Besides its own reserves, oil from the Arctic could be a major spur to Atlantic region development. Dome Petroleum of Calgary, has identified three possible sites in Nova Scotia for the construction of a C\$300m shipyard to build 25 icebreaker tankers to transport oil from the Beaufort Sea to markets in eastern North America and

Europe With total requirements for about C\$9bn of ships, rigs and related marine equipment, the company could provide work not only for its own shipyard, but for other industries in the

Dominion Bridge/McDermott, Canadian-U.S. joint venture, is investigating the possibility of establishing a yard in the Sydney area of Cape Breton to produce fixed base steel jacket roduction platforms for the offshore industry. These prospects could speed progress on a C\$300m modernisation underway at the Sydney Steel mill. A new heavy plate mill may also

New Brunswick is also heavily involved in offshore support work. Saint John Shipbuilding and Dry Dock there expects to deliver large offshore rigs at the rate of one every six months

the ownership and future region's largest and most successful shipyard.

> Two groups of companies, Arctic and local hydrocarbon sources and the liquefaction of Nova Scotia's vast coal reserves.

Recent offshore drilling has shown these reserves to among the largest coal fields in the world. In a plan to increase production to at least 10m tonnes annually by the end of the decade, the federally-controlled Cape Breton Develop-ment Corporation has a mining expansion programme underway and there is a possibility of major private sector investments in the industry this

year. Electric power generation features high among the list of big Atlantic regional mega projects.

Priority

As they have the best political visibility factor, these will receive priority support under Ottawa's new industrial strategy. Exactly which will find favour, however, is not panies are bankrupt.

One industry that will most definitely be looking for federal of direct financial support to financial aid is fishing, which employs 85,000 people in the inforced local suspicions that Atlantic region and Quebec. Several of its largest corporate groupings are on the verge of bankruptcy. Ottawa recently made available C\$15m in emer-gency aid for the industry. But

Scotia and Newfoundland about by the Irving oil group, it is the industry sources say as much as C\$250m in immediate addi-tional aid may be needed to avert a major collapse.

High hopes were held out for Canada proclaimed its 200 mile extended economic zone. But confusion by the Federal Government as to whether it expected the industry to act as a social crutch or an internationally competitive fish marketer led to a succession of

tion, Ottawa recently signed a six-year agreement with the European Economic Community allowing community renewed access to Canadian waters in return for more favourable tariff treatment. The agreement has been criticised by heavily

In an attempt to gain greater

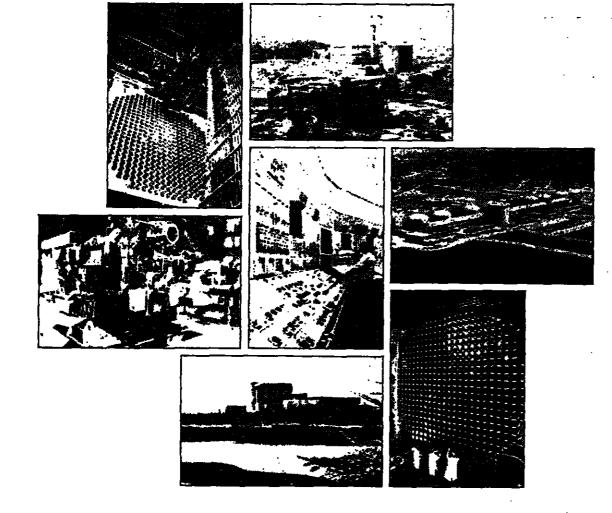
international market penetra-

Canadian trawler owners as the thin edge of a wedge that will ultimately lead to a return of massive foreign over fishing in the Canadian North

Equally troubled is the big forestry industry of the region. The maritime lumber bureau says markets in Britain, the big, so-called mega projects United States and even appeared. As a result, scores of mills have closed and some com-

> These immediate difficulties, added to Ottawa's cutting down of direct financial support to megaprojects, for all their spectacular nature, are by themselves a sufficient basis for broadly based economic growth.

Lyndon Watkins



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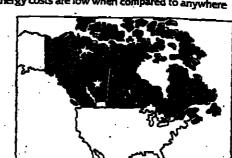
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CANADA IX

Ontario's economy faces severe shocks. Report by Roderick Oram



A hard-hit province

THE ONTARIO economy, like the national one, is nearing the bottom of a boom-bust cycle of unusual intensity and brevity. The impact has been made all re severe because, as Ganada's main manufacturing region with limited energy resources of its own, Ontario has been losing ground to the West with its oil and gas riches. Cyclical troubles apart, it must adapt to the rapid rise of energy prices. But, in the longer run, the underlying strength of the Ontarian economy and its ability to cope

look unimpaired. The upturn from the last recession lasted only 14 months until August 1981. Growth hit an annual rate of about 5 percent in the first half of last year fuelled mainly by higher and falling interest exports, and falling interest rates set off a brief surge in housing starts and increased spending on durable goods.

Interest rates bottomed out in the summer and suddenly began to rise again, mostly in sympathy with U.S. policy. The Bank of Canada had to keep Canadian rates a few points higher than the rising U.S. ones to sustain the capital

Throughout August and September many businessmen seemed to ignore the dampening threat to demand of rising interest rates. By mid-September Ontario's output had to take a sudden plunge to come back into line with emand. Exports, particularly to the U.S., and many interestrate sensitive products such as cars and housing, led the way down. Furniture sales, for example, halved between October and November.

False start

wave of layoffs and redundancies swept across the province, cutting its manufac-turing workforce from a peak of 1,091,000 in August to barely lm in December. The sector's employment fell nearly 6 per cent in December alone and the bottom is not expected until

the end of the winter.

The fall in demand would have warranted larger job cuts but instead manufacturers rapidly added to their inven-Durable goods invenreached 2.58 in September at the national lev (Ontario accounts for half of Canada's manufacturing) compared with

a more usual level of 1.9. The economic fundamentals did not warrant such a rapid first half expansion or the sudden second half plunge. The 100,000 in a boom year. But year got off to "a false start because of the rapid mortgage

with people making a lot of bad rate rise in late summer they decisions thinking the economy fell to 28,000 in the fourth was stronger than it was," according to Mr Peter Gusen. director of regional economic

forecasting at the Conference Board of Canada, an economic research organisation.
"It was baffling that people did not react earlier," said Mr Paul Kovacs, economist for the Canadian Manufacturers Association. "We kept saying that the growth was too fast for the fundamentals. Later we

said the economy should have

The automotive sector, almost exclusively in Ontario and accounting for roughly 20 per cent of the province's manufacturing capacity, demonstrated more resilience than its U.S. counterpart and some other sectors. Canadian production of cars and trucks edged down to 1.31m last year from 1.38m in 1980, a drop of 28 per cent from the peak level in 1978. Canadian sales of North

across the Detroit river from the centre of the U.S. car the centre or the U.S. car industry, is severely depressed. Although the carmarkers have put some new investment into Windsor plants, other facilities have closed or are limping along on reduced output. An additional impact on the

mous setback for some Ontario

towns. Windsor, for example,

economy was the energy pricing agreement signed in the autumn by the federal and provincial governments. This will continue raise energy prices.

Long-term, the agreement was positive, according to Mr Hugh Segal, associate secretary to the Ontario Cabinet for federalprovincial relations. It cleared the way for a number of large energy projects, mostly outside Ontario, by establishing their pricing framework. This in should give a fillip to steel, construction and other related sectors in which

These energy and other resources projects over the next decade should underpin an average 4 per cent annual real growth of the provincial economy, Mr Kovacs of the CMA

have the additional long-term effect on the economy of giving larger share of expanded energy revenues, Mr Segal said. The next stop, already under way, is to thrash out formula to distribute the money to all parts of the country. In particular, Mr Segal believes Ottawa should forge a national industrial strategy now that it

Ontario is impatient with Ottawa's lack of action so far because the province feels it has developed a provincial industrial strategy through its BILD programme, an acronym for Board of Industrial Leadership and

Election ploy

can afford to fund one.

In part this was an election ploy when there was widespread concern about Ontario's economic future. So far BILD has designated 76 development. projects costing \$1.5bn over the next five years. Half the money will come from the redistribution of existing government funds plus money from the private sector and other levels of government. The other half will be new provincial government funding

In this fiscal year ending March C\$145m of provincial government funds and C\$275m from other sources will be spent. The key areas for the programme are: development of electrical power; improved urban mass transit; development of the resources sector; upgrading of export performance and industrial technology; maximisation of human resources, and improving the in-

frastructure of communities.
For example, C\$30m will be spent over the next decade on biotechnology joint venture with the private sector: C\$125m on major road improvements in the urban corridor around the west end of Lake Ontario; and more than C\$100m on a Toronto convention centre.

The province's Progressive Conservative government has basically balanced its books in recent years but it is facing a budget deficit of about \$1bn, or 5 per cent of the budget, in the fiscal year just about to end because of the recession's impact on revenues.

But running a deficit is not a reversion to Keynesian economics, according to Mr Tom deputy minister of finance. The Government has long believed that the province can afford to develop the provincial infra-structure on some borrowed money because future generations will be benefiting from the projects as they repay the



as drawn by William Hunter in 1855, two years before Queen Victoria chose it to be Canada's capital, now called Ottawa

already turned down so when it did. It did so with a bang." Federal Government's Budget in the autumn did not cause the downturn, according to Mr Laurent Thibault, executive vice-president of the CMA, although it was widely criticised for failing to deal with the looming recession. There were Budget actions which did, however, compound problems. A reduction in capital cost allowances, for example, cut corporate cashflows by

about C\$1bn a year, contributing to the 10 per cent to 15 per cent fall in real terms of new corporate capital spending at a national level. If there was any single culprit for the boom-bust cycle it was interest rates. Mortgages, for example, peaked at about 21.75 per cent in August and starts was dramatic. From 34,000 starts on a seasonally-adjusted annual basis in the

third quarter of 1980, they rose

to 65,000 in the second quarter

of last year, compared with 100,000 in a boom year. But

American cars (including some imports from U.S. plants offset by exports to the U.S.) dipped 1.38m peak in 1978. But non-North American imported cars have been taking a rapidlygrowing share of the market, according to the Motor Vehicle Manufacturers' Association. The vehicle makers, local sub-

producers, benefited from being the sole producers of some models popular south of the border, Mr Norman Clark, vicepresident of the MVMA, said. Within the annual vehicle

figures there was some bad Because production schedules were high at the beginning of the year in antici-pation of strong sales, there were widespread temporary plant closures at the end of the The Ontario Government also had to drop the tax in October on sales of 1981 model cars to help clear the dealers' stocks.

The protracted cyclical downturn in the automotive industry coupled with some structural changes has proved an enor-



Tackling the problems of a boom-bust economic cycle: Mr Bill Davis, provincial Premier of Ontario for the past 10 years. Ontario provides 80 per cent of Canada's manufactur<u>i</u>ng exports. Left: City Hall, Toronto



Increasing investment in aviation

CANADA is now investing heavily in the development and production of light transport aircraft for the future, particularly in the business jet and commuter airliner categories. The aerospace industry is small, but active, with the major companies Canadair, de Havillanu Canada, Pratt and Whitney Canada and Hawker Siddeley de Havilland Canada—collectively employing close to 27,000 people, on a wide range of civil and military programmes.

Car adair, 6,500 at St Laurent and Dorval Airport, Quebec, is now busy on development and production of its Challenger twin-engined business jet aircraft, and its CL-215 twinengined amphibian aircraft designed for fire-fighting from the air and a wide range

anadair is now building the 18seat Challenger business jet
at a rate of about three aircraft a month, and this is to
be raised during 7002 to the Canadair is now building the 18craft a month, and this is to be raised during 1982 to five a month, So far, the company

has delivered nearly 30 Chal-lengers, and the outstanding order book, including options, stands at over 150 aircraft. According to Mr Fred Kearns, president, "the Challenger is a winner and we believe we

will be in production on what will be a family of Challengers right into the 21st Century." The standard CL-600 Challenger with Avco Lycoming engines is to be comple-mented by the CL-801 version with General Electric engines

programmes. which is due to fly this April-employing about The CL-215 twin turbo-prop St Laurent and Dor-utility amphibian is designed to operate from small air-strips, lakes and open sea, carrying water for fire-fighting purposes, although it can be easily adapted for a wide range of other transport tasks. With 65 already built, production of the fourth batch of aircraft, from No 66 on, is

sales to current operators as

well as some new customers." Canadair also has extensive sub-contract work on hand, including the aft-fuselage for the Boeing 767 twin-engined transport and for parts of the fusciage for the Boeing 747 SP (Special Perform-

ance) long-range airliner. On the military side, the company has sub-contracts for parts of the McDonnell Douglas F-15, the McDonnell Douglas/Northrop F-18, the Lockheed C-5A Galaxy freighter and the Northrop F-5 fighter.

Mr Kearns commented recently: "For the first time in our 37-year history, I believe we have achieved the kind of long-term stability and the optimum use of our technical and material resources, that we've been trying to achieve all these years.

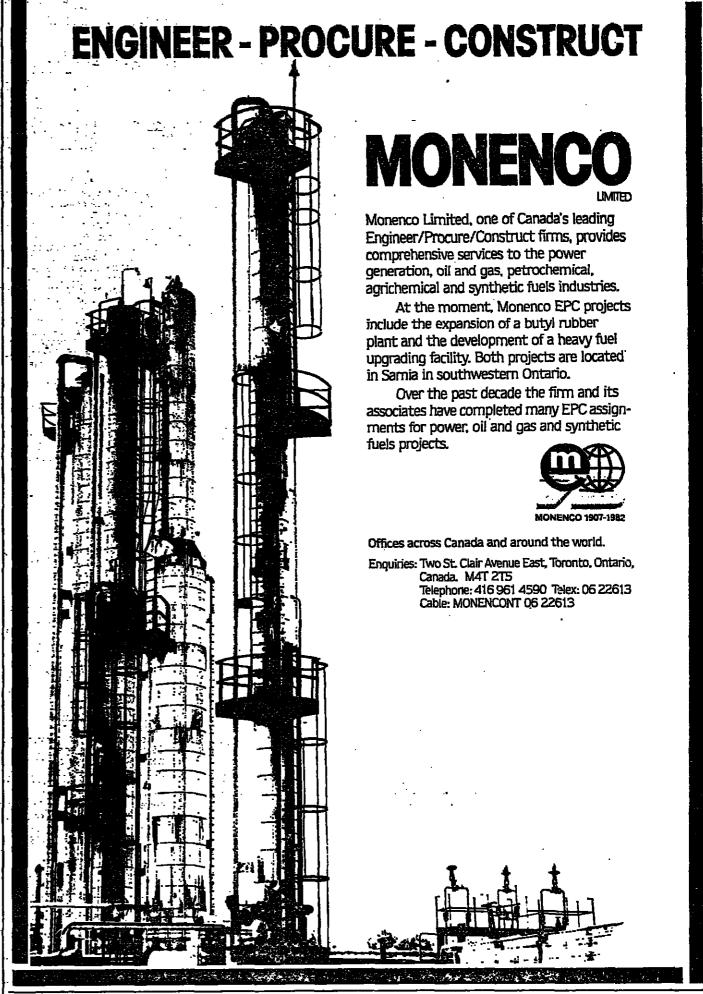
We now have an ideal mix of business in the civil and military fields and in sub-contract work. We hope to maintain employment at our current level and our position as one of the largest single

employers in the manufacturing sector in Quebec for many years to come." De Havilland Canada, of Downs-

view, Ontario, which employs about 4,700, has for many years specialised in the development of short take-off and landing (STOL) aircraft. such as the highly successful 19-seat Twin Otter, of which well over 700 have now been sold. In addition to continuing production of this aircraft, DHC is now well into production of its 50-seat fourngined Dash 7 quiet STOL turbo-propellor airliner, of which well over 100 have been ordered. Furthermore, the company is

now developing the new Dash 8 twin-engined 36-seat airliner, to complement the Dash 7 in the expanding market for commuter-type air-liners. With orders already well over the 100 mark for the Dash 8, production of the aircraft is on schedule, for roll-out and first flight in CONTINUED ON

NEXT PAGE







STRETCHED ACROSS the top of the North American continent, Canada's north is a vast, frigid, forbidding, mineral-rich out sparsely populated wilder-

It is relatively unknown to most Canadians, even though the Yukon and North West Territories with a total land mass of 3.8 sq kms, make up almost

half of their country.
Only 66,000 people, most of them aboriginal natives, live in the North. The far North is fabled for Eskimos, Indians, polar bears, and the Klondike gold fields of the Yukon. But until very recently the arctic has been isolated and all but forgotten by the populated and industrialised Canadian South Even the distant early-warning radar stations, once the first tine of North American defence against a possible attack across the North Pole, have diminished in importance and seem to most Canadians as much a part of romantic history as the tales of the Klondike gold rush, the mad trapper of Rat River, and the lost pairol of the Royal Northwest Mounted Police.

Energy resources

Canadian interest in the Arctic is being rekindled by new discoveries of oil and natural gas in potentially large quantities. The North's energy resources figure prominently in the Federal Government's plans to rid Canada of Opec oil imports as soon as possible.

There is serious political con-flict, however, between the North's aboriginal native population and the central Government in Ottawa.

Native groups insist that there can be no large-scale development of northern resources until their land claims are

Unlike the Indians in the southern provinces, northern Indian tribes and the Eskimo have never signed treaties with the Crown surrendering title to their land, and the native frozen. Water and sewage pipes peoples have been free to hunt, trap and fish in their traditional be built above ground and en-

ways for untold generations. Negotiations aimed at extinguishing land claims have are flown in from the South at dragged on for almost a decade. high cost. But fresh fish and Last December, the federal Goy- game are readily available, ernment announced that it was inuit hunters stalk pe renewing its efforts to settle bears and muskoxen on the claims with offers of compensa- polar ice cap and along the sea tion for the loss of the tradi-tional use of lands now needed rifles and they travel far from for resource development.

Oil and gas searches fruitful

their traditional way of life, houses, The native peoples however, are demanding a decree of political autonomy and the right the shallow waters near the to establish governments along coast and in the estuary of the the lines of the southern pro-

vinces. The Yukon and the Northwest jurisdiction. Although the Indians and the Inuit. there has been limited devolution of powers and administrative responsibilities to locallyelected assemblies in recent years, ultimate authority rests with the Federal Parliament in Ottawa.

Federal Government appoints a commissioner for commissioners have statutory powers not unlike those held by colonial governors at the height of the British Empire. Indians and Eskimos arrived in North America from Asia centuries before the first Europeans. The land they found was rich with wildlife and fish.
The Indians tended to stick

to heavily forested hunting grounds while the Eskimo or Inuit as they call themselves re-mained along the Arctic Sea coast and on the barren tundra north of the tree line. Life in the Far North can be

harsh—at the highest latitudes there is almost total darkness for much of the winter. Lakes and rivers begin to freeze by October and ice does not break up until June. It is not uncommon for temperatures to remain below minus 40 degrees centigrade for weeks at a time.

The short summers are gloriously bright with 24 hours of daylight, permitting the tundra to blossom with wild flowers and other delicate vegetation within a matter of days.

There is no agriculture because only an inch or two of topsoil thaws in the summer. The rest remains permanently in northern settlements have to cased in insulated housings. Vegetables and dairy products

inuit hunters stalk polar their settlements on motorised traders were the first to arrive.

share of the proceeds from oil away from home for weeks at a missionaries and then the and sas sales and clear title to time and seek shelter from prospectors who set out for the from oil and natural gas sales. Klondike gold fields by the for those who wish to pursue igloos, the dome-shaped snow thousands in 1898.

Mineral registration wettere and long for the day of them from oil and natural gas sales. Many of them fear, however, their traditional way from home for weeks at a missionaries and then they can share revenues from oil and natural gas sales.

Mineral registration wetter and long for the day when they can share revenues from oil and natural gas sales.

Mackenzie river. Wild caribou, a close cousin of the reindeer, are hunted at Territories now fall under fed- all times of the year by both

are sold to the Hudson's Bay Company and other merchants.

Caribou hide is still used for

clothing. However, many of the

northerners purchase most of

their clothing and some food

from the fur trading companies.

the chief source of food in only the most isolated settlements.

change in lifestyles since the

earliest contacts with white men

in the 19th century. The fur

Caribou and whale meat are

There has been a tremendous

Jeff Sallot explains why interest is being rekindled in the Yukon and N.W. Territories

the Inuit hunt beluga whales in of private sector wage employ-

Fish and furs first drew the white man to an inhospitable Canada. This

17th century print shows the old way of life which still survives in the North

Indians also trap beaver and work for the resource com- own language. Few aboriginals

hunt wolves and foxes. The pelts panies with their hunting and are qualified to teach and

trapping. The federal Govern-

ment finances primary and

secondary education in local

even a secondary diploma.

schools and pays the costs for

Ottawa provides modern hous-

fare payments to families who

ing in the settlements and wel- are in English.

Others alternate periodic old people have retained their

Ottawa is offering cash, a snowmobiles. The hunters are followed closely by Christian welfare and long for the day for licences to operate native-nate of the proceeds from oil away from home for weeks at a missionaries and then the when they can share revenues language radio and television when they can share revenues houses.

During the summer months he Inuit hunt beluga whales in he shallow waters near the native peoples are finding jobs in the wage economy. Some are abandoning life on the large and dialects are spoken in the North. But in some of the larger communities, such as Vallambers. north-west territories, only the

stations.

blizzards and other bad flying munity for up to three weeks.

While awaiting the energy boom, the northern economy is kept affoat by federal Govern-ment spending and the mildly optimistic prospects for the mining industry. Present world prices for precious metals keep the gold and silver mines going even though the most promising ore bodies were staked and worked decades ago.

Downturn likely

Several new lead and zinc mines are about to go into production. Uncertain world prices for these minerals, however, are expected to produce a downturn in exploration this

Tourism is growing because access is becoming easier and because more and more Canadians want to see their exotic northland while it is still relative wilderness.

In 1979, the federal Government completed the first gravel road to the Arctic coast. Some times it is closed to give way to caribou migrations. During the summer two ferry crossings complete the link for supply trucks and the adventurous tourists from the south who wish to motor across the Arctic circle. A few wider roads are created on frozen lakes and rivers in winter by ploughing

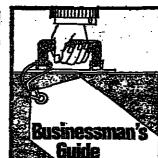
those students who wish to radio and television. All of the The hard life and the remote attend university in the south. communities now receive the ness of complete modern hos-But few Indians or Inuit attain nothern satellite service of the pital services have contributed towards keeping the life expectancy of the northern peoples well below the Canadian Canadian Broadcasting Corporation. Most of the programmes The CBC has only a small average. Sadly, they sometimes corps of native language broaddescribe themselves as inhabi cannot subsist in either the casters. More are being trained tants of the last remaining traditional or the cash economy. and many settlements are applyin Norti

The accelerating pace of energy exploration is bringing improvements in air service The two territorial capitals, some of the larger communities, such as Inuvik and Tuktoyaktuk, the staging areas for oil companies in the western Arctic, are served by commercial flights from the south daily.

Helicopters and small bush planes are the only mode of to seek out and savour the travel to the scattered smaller difference between the countries settlements. Even then, winter conditions can cut off a com-

the snow off the ice.

worried about the influence of The natives say that they resent ing to the federal government America.



CANADA labours under the burden of a much larger southern neighbour. A visitor finds that, on a superficial level, the country runs in much the same fashion as the U.S. But failure is likely to upset Canadian hosts and deny the visitor an appreciation of the country's unique

Some selective reading before a visit is helpful : Canadian dip-lomatic posts abroad receive such publications as the Toronto's daily Globe and Mail. In addition, try the novels of Robertson Davies, the history books of Pierre Berton and the chronicles of the Canadian establishment by Peter Newman.

culture and history.

But, all the same, business is done in Canada in much the same fashion as the U.S., if perhaps a shade more formally. Go well prepared with

answers to all possible questions about your products and company. In particular, Canadian companies might be less used to dealing with foreign businesses than Europeans. They might, for example, be unfamiliar with the paperwork of foreign trade, even if they do deal across the U.S. border. So, be able to quote them prices to their doors and be able to put them in touch with customs brokers and freight forwarders.

Information on potential customers or suppliers is readily available from sources ranging from the organisations listed below to comprehensive Yellow Pages in all cities.

Appointments

Business nours are generally 9 am to 5 pm, five days a week. But out west, they often try to keep eastern hours so, for example, Caigary's rush hour traffic peaks at 7.30 am. Try to avoid appointments on Friday afternoons, particularly the summer, because many Canadians make an early start to the weekend to get out into the country.

French is an asset in Quebec, more necessary the further away you travel from Mon-

Hotels, travel and communcations are simple to arrange and merce, London 930 2794. generally good value. Montreal, Canadian Chamber of an index fixed on London at 234 5396. 100, Montreal was 109.65, compared with 133-41 for New

York. A single room, without breakfast, can cost from \$60 to \$100 a night in a hotel of reasonable

Telephone and telex calls are cheaper than in Europe and are easily placed. If you envisage a-a lot of calls, a telephone credit card from your local telephone area manager is useful, as is a telex card from Cable and Wireless in London (242-4433).

Canada's climate is often ex-tremely harsh. May and Sep-tember are the prime months

January (and July) tempera tures are: Toronto—4 centigrade (22); Mootreal—9 (22); and Winnipeg-18 (20); and Van-couver 2 (27).

But Canadians keep themselves cosy indoors and in public transport, so British clothes are perfectly adequate with a few additions. In winter take a heavy overcost. heavy overcoat, lined gloves, a hat that covers your ears and rubber overshoes, but wait to buy the last item in Canada where there is a better selec-tion and price. In summer, take light-weight clothes.

Social customs barely differ from Europe, although they are much less formal, starting with instant use of first names. To ease the first few moments of chit-chat in meetings be sure to read the sports pages of the local newspaper over breakfast. Canadians love their sports, so its much better to talk about the fortunes of the local team than the weather which, by the middle of winter or summer, is an extremely old topic.

Attractions

There is no shortage of good dining and entertainment in the big cities. Toronto, for example, is home to an internationalstandard symphony, ballet and opera with good theatre in town all year and down the road at Stratford, Ontario, during the summer.

Comprehensive leisure, en-tertainment and dining guides are published in all main towns in newspapers and magazines.

The countryside is one of Canada's most impressive attractions; try to make room in your schedule to experience some of it. Weekend trips from Toronto, for example, can enable you to reach northern Ontario and even to the shores of Hudson's Bay by train.

Health services are highly proficient but also very expensive, so be sure to have health insurance before leaving home.

The Foreign Investment Review Agency looms large if you are planning to set up business in Canada or to buy a Canadian company, Understanding what the agency is demanding of you is rather like the blindfold party game of trying to decide what an object is from touching a small part of it: is it a table or an elephant?

It is wise, therefore to hire a lawyer versed in FIRA's ways, or at least be in early and close contact with the agency. Its Ottawa telephone number is 613 995 9449. The British Department of Trade's Commercial relations and exports division in London 215 3364 can also help you understand the beast.

Other useful organisations include:

Canada-UK Chamber of Com-Canadian Chamber of Comfor example, ranked 12th in merce, Montreal (514) 886 4344. last year's Financial Times British-Canadian Trade Asso-guide to business travel. With ciates, Rexdale, Ontario, (418)

> Canadian Importers Association. Toronto (416), 862 0002. Canadian Manufacturers Association, Toronto, (416) 363 7261; plus boards of trade (ie chambers of commerce) in all large town and specialised bodies, such as the Canadian Electrical Distributors Association. Address of similar groups are available through Canadian trade commissioners in embassies and high commissions.

Canadian diplomatic posts: London, 629 9492; Paris, 723-0101; Bonn, 231061; Rome, 884-

Foreign diplomatic posts in tember are the prime months Ottawa (earea code 613); for visits because winter and Britain, 237 7530; eWst Ger-Michael Donne comfortable. The average 1795; and Italy, 232 2401.

Aviation projects

Deliveries will start in 1984. The company expects employ-ment on the Dash 8 prothrough 1982 and beyond

almost all schooling is in Eng-

The tribal elders are seriously

lish.

eventually reaching over 4,000 when full production is reached in 1984-85. In addition to the Dash 7, Dash 8 and Twin Offer pro-grammes. DHC continues to build the DHC-5D Buffalo twin-turbo-prop STOL utility transport for military cus-tomers world-wide, together

with its civil variant, the DHC5E Transporter.
For the longer term, DHC is considering derivatives of several of its sircraft, including a possible development of the Twin Otter, and a 60-80 seat development of the Dash 7. for the mid to late 1980s. Canada is also one of the world's biggest suppliers of turbo-propeder engines for light transport aircraft, from

of Canada. of Longueuil, Quebec, a part of the U.S. United Technologies group. The company employs about 7.700 and to date, has de-livered more than 20.000 engines, most of them turbo-props of the PT-6 series, an engine which is currently used in more than 6,000 air-craft of 74 different types of world-wide.

Pratt and Whitney Aircraft

Be prepared

Pratt and Whitney Canada is now developing the new PW-100 Series of turbo-propeller engines for the new genera-tion of commuter airliners now under development in many countries. Versions of this engine will power the Brazilian Embraer Brasilia, to enter service in late 1983, while a more powerful ver-sion will be used in the new de Havilland Canada Dash 8 when it enters service in 1984. Another version will be installed in the Aérospatiale/ Aeritalia ATR-12, while British Aerospace and Fokker are both studying the PW-100 Series as possible power-plants for new versions of the BAe 748 and F-27 air-liners, respectively.

The Orenda Division of Hawker Siddeley, Canada, at Toronto Airport, is involved in the manufacture, repair, overhal and technical support of jet engines for the Canadian armed forces, and also under takes manufacture under subcontract for aero-engines in production elsewhere. Orenda supplies engine parts to countries as far afield as Belgium. West Germany, Italy, the Netherlands, Norway, Pakistan, the U.S. and Venzuela. Other companies in the Canadian industry include Boeing

of Canada, which is working on the improvement of Search and Rescue helicopters for the Canadian Government's Search and Rescue Capability Upgrade Project (SARCUP). There are several smaller com-

panies, such as Avions Robin Canada (which assembles and markets some models in the current French Avions Robin range of small, light aircraft); Northwest Industries, Northwest Industries, Canada's largest and most experienced aircraft main-tenance, repair, overhaul and modifications company; and Zenair of Nobleton, Ontario, which builds small, light air-craft

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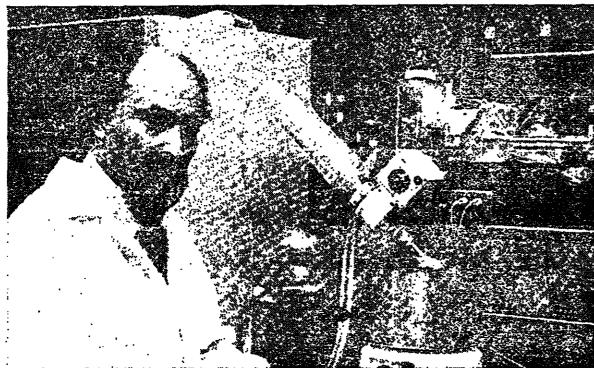
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10/10/50

FOREIGN AFFAIRS

The lesson Europe must learn

By Ian Davidson

IN THE past few months, fric-IN THE past few months, fric- not seem to have even begun tion between Europe and the to think about what they should United States has been getting steadily sharper. It is premature to talk of anything like a full- Atlantic albance. Complaining blown crisis, but the trend of and muttering are easy, but events contains all the elements given the background and for a further deterioration.

On this side of the Atlantic it has become tiresomely commonplace to lay most of the blame for this unsatisfactory state of affairs on the Americans. Ever since his election. President Reagan's crude anti-Sovietism has caused mutterings of disquiet in Europe. and the harshness of his reac-tion to the crackdown in Poland risks leading on to a first-class row over the gas pipeline deal.

On the economic front, the Community governments have dispatched the Belgian Prime Minister to complain about the damaging effects of America's high interest rates.

These grievances, which derive from their direct impact on European interests: are backed by other more oblique criticisms: the imbroglio in El Salvador, the bland support for the military regime in Turkey. the arming of the Middle East, the apparent inconsistency of U.S. policy on nuclear arms control negotiations.

Behind many of these complaints lies a more general charge: lack of coherence in U.S. foreign policy.

Europe is itself divided and incoherent

Not merely has there been no resolution of the struggle hard (epitomised by Caspar Weinberger, the Defence Secretary) and the somewhat softer men the Secretary of State), there seems to be little consistency in the nature of that struggle: over El Salvador, for example, it seems to be Weinberger who is playing it cool, and Haig who is

There is a good deal of force in this litany of European complaints. The trouble is that the European governments do

do to bring greater influence to bear on the leader of the emotional prejudices of the Reagan Administration, it is hardly surprising that it pays so little attention to Europe when Europe is itself divided and tocoherent.

President Reagan may have been too quick to slap curbs on to high-technology exports to the Soviet Union after the Polish crackdown; the European members of the alliance were certainly too slow in formulating their own position. Indeed, apart from the generalities, it is still not clear if there is a united European position.

This is strange. Amidst the manifest shortcomings of so many other aspects of Community life, the member governments regularly congratulate themselves on the success of their efforts at foreign policy co-ordination. It is barely three months since they agreed to strengthen the mechanisms for this consultation, and to extend the range of subjects to include at least the political, if not the military, aspects of security.

Come the Polish crisis, and Community foreign ministers spring into action? They do not. They dither, and in dithering they play into the hands of those in Washington who put such a high premium on standing up to Moscow that they persuade themselves that America can conduct western foreign policy single-handedly.

In the days when the axis of America's East-West policy ran exclusively through Europe, European dithering was tiresome but not calamitous. Those days have now passed. The Iranian revolution, the Soviet invasion of Afghanistan, the Iran-Iraq war and the election of Ronald Reagan have given us an America which sees the much more intense terms.

practice implement its new views will therefore have to be is that Washington may not see



President Reagan and (right) Wilfried Martens, the Belgian Prime Minister: a frosty meeting at the White House

European foot-dragging may

The heart of the matter is Europe have not yet come to grips with the question of their relationship to each other. Until they do, their relationship with the U.S. is likely to be unsatisfactory and possibly dangerous.

Twenty-five years ago the success of the limited Coal and Steel Community led to the creation of the broader European Economic Community, But it is glaringly obvious that the record of the past quartercentury has fallen far short of the aspirations of the founding fathers.

Some would say that the Community has made no major progress on the road to economic integration since the foundation of the common agriconfrontation with Moscow in cultural policy (CAP) in 1964. much more "lobal as well as and that with hindsight even that achievement has proved a It is easy for Europeans to colossal mistake. Others, more argue that America cannot in charitably, would claim significant success for the establishglobal ambitions without Euro- ment of the European Monetary pean help, and that European system in 1979, and the direct election of the European Par-

it that way, and that incoherent years of the Community have offer done little or nothing to symbolic provoke more unilateralism in strengthen the commitment of having to do with such things the member states to a more genuinely united Europe. Every that the countries of Western few years they have tended to tional apparatus of the Com-Europe have not yet come to set up a new study group to munity. Whether their proputhink up ways of making the sals are adopted or not, they Community work better, but all the reports end up in the wastepaper basket. The reality on the ground is that competing national interests almost always take priority over the

common interest.

There is nothing particularly surprising about this. Old habits die hard, and old countries do not lightly suffer infringements of their national sovereignty or permit interference with their systems of political legitimacy. The hard fact is that, if the member states are unwilling to face the implications of further integration inside the Community, it is illusory to imagine that they can be united in their foreign policy.

Hans Dietrich Genscher and been trying to grapple with the

almost entirely is ceremonial. and as formalising the European summits as part of the instituwill make no difference unless there is also a more profound change of attitudes than is visible on the horizon at present.

Dissatisfaction with the way the Community works is almost universal, but for many years the member states have seemed on balance to prefer to use the institutions as a mechanism for handling, if not of resolving, their competing national interests, rather than make a more profound commitment to the implied objectives of the Community. Fortunately (or unfortunately, according to one's point of view), the time for this static option is fast running out: if the Community does not move forward, it will move back.

This uncomfortable dilemma Emilio Colombo, foreign ministers of Germany and Italy, have farm prices and Britain's share problem by proposing a new of the Community budget. "Act" of European union. Un-Superficially, this is just another fortunately, what they have to case of those haggles about more likely to go their own way.

money that have become s tiresomely familiar. But the heart of the matter is that it is really a disguised argument over whether the Community should be more integrated or less integrated.

The common agricultural policy, based on common prices common market management and common financing, represents the integrationist choice; but almost everything else in the Community corresponds to a looser, laissez-faire choice. In practice these conflicting choices cannot co-exist side by side indefinitely; as it is, the integra-tionist nature of the CAP is severely distorted by the fact that we still do not have genuinely common prices, despite the relatively successful working of the European Monetary

For the time being, France and some other member states are invoking the integrationist principles of the CAP in order to avoid facing the fact that the policy has gone wrong, and that in any case economic integration counci last long if it is confined to one quite small sector of the economy.

If the heart of the matter is not faced, it is an odds-on bet that the CAP will disintegrate, and the current prospect is that that process will be triggered

A danger that the CAP will disintegrate

by the budgetary argument, no doubt in circumstances of grotesque acrimony.

The nature of the dilemma facing Europe has received far too little attention. Most European governments are under-standably preoccupied with domestic problems like inflation and unemployment, and the record of the Community hardly inspires them with hope. But the choice is increasingly clear: if they cannot summon up a greater degree of effective commitment to European unity, the Americans will be more and

Lombard

Hands off U.S. money policy

By Samuel Brittan

U.S. interest rates and mone

tary policy.

A plausible case can be made out for the ostensible on the surface attitude. The U.S. budget deficit—not merely for this year, or next, but suretching as far shead as can be seen we'll beyond the present reces-sion—is too large. The result is an excessive strain on interest rates on both sides of the Atlantic. Presented in this way, it is

not a criticism of the Fed, but a reinforcement for it in its campaign for a more responsible fiscal policy. President Ronald Reagan will not tremble in lus boots when U.S. budget deficits are denounced by Sir Geoffrey Howe in the House of Commons or when the Belgian Prime Minister M Wilfried Martens protests about it in the White House. But no doubt every little pressure reinforces those in the Administration and in Congress who are in any case unhappy with events.

So far so good. But there is

a further half-expressed sentiment in the background. This is that even if the U.S. budget deficit cannot be reduced by the large amounts required, U.S. interest rates should still be cut, U.S. even if that means soft-pedal-

inflation. costs and stockpile our currencies, and meanwhile don't forget that General Jaruzelski in Italy... makes the trains run on time." But sticking to the monetary

to give an inch. rates and the money supply. By abandoning or disregarding its that it has moved on to a less monetary objectives it might inflationary course. secure some temporary alleviamore rapid inflation and, still wide shift from negative to posihigher interest rates in a year tive real interest rates is mainly or two. This is the mistake that the result of central bank

inflation would not be in the

banks, has made in most pre-

the Bank of England is not

making it now.

THERE IS something unhealthy world. The dollar is still by about the European attitude to far the most important international currency and renewed uncertainty about its future value could only create more disturbance—for interest rates as much as for anything else.

Nor would foreign currency intervention provide a satisfactory alternative. Such intervention at most buys time: and if the underlying forces do not change, European interest rates and exchange rates will have to move all the more sharply in the end-as Sir Harold Wilson can testify from his efforts to hold the \$2.40 sterling parity.

There is already more than enough domestic pressure on the Fed to relax its monetary stance without the Europeans adding any more. The Administration, for all its monetarist talk, has asked the Fed to go to the top third of its target monetary growth range—which nullifies the whole idea of

having a range.
The Fed has already gone as far as it should by basing its 1982 target growth range of 24 to 51 per cent on where the money supply should have reached last year and ignoring the undershoot which did OCCUT.

It is in any case untrue that world interest rates are rigidly ling the Fed's stand against tied to U.S. ones. Prime lending rates vary from less than 6 per Some Europeans almost cent in Japan to 8 per cent in appear to be saying: "Please Switzerland, 13 per cent in reduce interest rates at all Germany to 14-141 per cent in Britain and France, 17 per cent in the U.S. and over 22 per cent

.There are obviously factors at work other than inflation point alone, it would be differentials, but they have a disastrous if Mr Volcker were key role. Any European country .can_have_a_lower_interest_rate There is no way by which the than at present, without Fed can control both inferest depreciating against the dollar, if the markets come to believe

Politicians deceive themselve tion - but at the expense of if they suppose that the worldthe Fed, like many other central policy. It reflects much deeper forces such as an increase in vious recessions—one hopes that the demand for capital. European statesmen would do more for world harmony and pros-A re-acceleration of U.S. perity by putting their own interest of the rest of the ing lectures to Washington.

Letters to the Editor

Finding finance for future cross-Channel links

From the Chairman, European Ferrics

Sir.-I do not wish to become too involved in a new Channel link debate but the exchange of correspondence between Mr A. F. Gueterbock of Channel Tunnel Developments (February 12) and Mr Patrick Shovelton of the General Council of British Shipping (January 8) has been very interesting. I wonder if I may be permitted to correct one or two of the more obvious errors which Mr Gueterbock makes.

It is said that ferry fares have increased by more than the rate of inflation since the cancellation of the last Channel tunnel scheme in early 1975. This is incorrect. Fares have declined significantly since that time and in some cases are actually lower now than they

were 50 years ago. Having taken Mr Shovelton to task for claiming that the

tunnel would not be able to carry all classes of traffic Mr Gueterbook then very fairly sets out those types of traffic with which the tunnel could not cope. I hepe that this type of logic does not carry through into the studies produced on

behalf of his company.
With regard to the financing of the tunnel, I am very pleased one who privately within his own office, would be so santuine. What I think there is a subsidy market and the subsidy market and the subside market and the subs

indeed to see that, excluding a guarantee against political cancellation, no financial guarantees of any nature will be required to complete a Channel link. I have heard this claim before and I have heard it said that leading merchant bankers foresee no difficulties in this regard. I regularly meet all the leading merchant banks and I guine. What I think they are all prepared to do is to examine the feasibility of raising finance on these terms,

If, however, the montes are forthcoming without a Government guarantee in any form tand that would include a longcontract with nationalised industry) then not cover "a few areas—such clearly we in the free enter- as direct mail, free-sheets and

risk their own cash on a highly side the scope of the British speculative venture of this size code of advertising practice, and nature then that is a mat- which we enforce. This is not ter for them and them alone. We in the cross-Channel ferry husiness welcome fair competition just as in the past we have faced our competitors in hovercraft, hydrofoils and air-

K. D. Wickenden, MP. European Ferries. 9. Old Queen Street, SW1.

Tighter advertising controls

From the Director General. Advertising Standards Authority

Sir,-David Churchill (Feb. ruary 11) says that the Adver-tising Standards Authority does prise sector of the ferry mar- publications such as 'Exchange ket can have no objection to a and Mart." Some of your link being built. If private institutions and individuals wish to means that these media are outthe case. We receive nothing but support and co-operation from "Exchange and Mart" and regularly and successfully pursue complaints about misleading advertisements both in free-sheets and in direct mail catalogues.

It is true that where pub lishers of advertisements are outside the trade associations that support the code, ensuring compliance can in theory be difficult. So it is important to realise that the three trade associations whose members are responsible for the great bulk direct mail advertising are already in membership of the

CAP committee. ASA participated in Department of Trade Working Party in 1980 and endorsed the proposal that emerged from it. under which the director-general of fair trading would acquire the power to seek an injunction against advertise-ments which breached a general duty not to deceive or mislead. We believe that this is desirable because present legal controls are ill-adapted to coping with the enormously diverse and permanently mobile advertising business and are inadequate

without such backing.
It is unfortunate that Mr Borrie, in pressing his claim to acquir# such a power, should be reported as suggesting that his need for it prises from a tendency on the part of the Authority to be soft on offenders. He well knows that the number of occasions on which any injunctive power could be exercised would be tiny, and that, in any foreseeable future, the main burden of coping with misleading and offensive advertisements must continue to rest, as it does now. with the self-regulatory system. ASA is no less dedicated than

is Mr Borrie to the development of an effective partnership between legal and self-regulatory controls; that aim is not furthered if one of the partners is seen to suggest that the com-mitment of the other is suspect. Peter Thomson. Advertising Standards

13 Torrington Place, WC1.

In a few years time, you're going to change your ideas

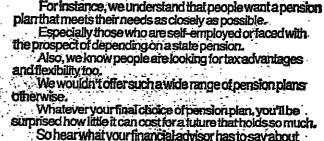
Because with the advances of modern day life and technology there will be so much more to look forward to. The very day you start looking forward to retirement

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Without benefit of scrutiny From Mr P. Pennington-Legh

Sir.-I cannot be alone in doubting whether a new Lloyd's Bill or a "new"-new Bill is either necessary or wise. Lloyd's is a corporation set up by Acts of Parliament with a legal entity quite distinct from its members and separate from the market it encompasses. Whereas, what the market does at Llovd's or does not do in the conduct of its trade, warrants the attention of the Press and Parliament is dubious whether the machinations surrounding the self-regulation of the Society and Corporation of Lloyd's are equally deserving of such constant and damaging public exposure. While divestment and immunity are concepts demanding debate, it is not necessarily upon the floor of the House, nor opinion, that such debate should be heard. Moreover, there is I contend an alternative to the new Bill and that is the Royal Charter option which over the last century many regulatory bodies have chosen to pursue.

Were the Crown to grant Lloyd's a charter of incorporation in place of the special Acts of Parliament one invaluable advantage will accrue. I refer to the removal of matters con-cerning the constitution and powers of Lloyd's and its ruling committee from the public and a year to Britain's invisible political forum. The members earnings and provides employand the council would suggest mont directly or indirectly for 20 Irum Drie amendments to the charter or more than 72,000 people. All of West Sussez.

1. 1. 1 March

the byelaws before the Privy Council which would then consider the interests of the public. the members and the corporation in secret without the benefit of media analysis.
P. R. Pennington-Legh Kings Road,

Windsor

From the Chairmen of Lloyd's Underscriting Non-Marine Association: Aviation Underwriters Association; Underwriting Agents' Association: Motor Underwriters' Association: Inderwriters' Association; and

Insurance Brokers Committee Sir.-We, the chairmen of the six Lloyd's market associations, would like to reiterate our support of the Lloyd's Bill now reaching a crucial stage in its parliamentary career.

Private legislation can seldom have received such attention or have aroused such controversy. There comes a time, however, when individual interests must give way to the common good minority ought no longer to delay a measure already endorsed by the membership, the market and the parliamen-

Lloyd's, it should be remembered, contributes nearly £600m this could be placed at risk were the request for an effective system of self-regulation now to he denied. Richard Ballantyne, Barry

and R. M. Salter

Out of favour in the private sector

private sector schemes should tell retiring employees that there is a marvellous way of giving them index linked pensions. All they have to do is to agree to accept a pension at the outset which is considerably reduced—perhaps by as much as one-half.

experience, committing the unpardonable sin of signing a blank cheque. There is no painless solution and certainly equity will not be achieved by merely re-arranging the capital value of pensions from the private sector schemes. Is Mr Williams proposing that public sector pensions are put on the same basis? I doubt it.

R. W. Mountjoy. 20 Irum Drice, Horsham,

Coleman, D. E. Coleridge, H. R. Dobinson, M. B. Rumsey,

Lime Street, EC3.

From Mr R. Mountjoy Sir,—Is the letter from A. E. J. Williams (February 11) meant to be taken seriously? In effect, it is suggested

The problem of index linked pensions in the public sector was created by politicians, pre-sumably with no real husiness

Authority

UK COMPANY NEWS

Good profit shown by Benguet

favourable conditions, 1981 was the second most profitable year for Benguet, the major producer of copper and gold in the Philip-pines, reports Leo Gonzaga from

pesos 190.7m (£12.7m) last year, better than any other year except for the record pesos 252.3m

Benguet attributed the 24 per cent fail from the proceeding year's profits level mainly to higher production costs and the doubling in the tax on mineral

Despite lower metal prices. operating revenue rose to pesos 2bn in 1981 from pesos sion more than offser the value contraction in the company's copper, gold, silver and chromite products.

Up to 31 per cent of last year's net income came from the copper-gold-silver property of Dizon Mines in San Marcelino (Zambales Province, West Central Luzon), which is operated under contract by Benguet. A similar percentage came from gold trading opera-

Baring Bros. expansion

Profits for 1981 of Baring Brothers and Co., the merchant banker, have risen from £0.85m to £1m, after tax and a transfer to inner reserves. Again all the profits have been paid out as dividends. The ultimate holding company is the Baring Founda-

tion, a charitable trust. The year-end balance sheet disclosed shareholders' funds of £35m, against £30m previously, with the reserve having been increased to £29,45m by a transfer of £5m from inner reserves. Deposits amounted to £586.61m (£458.04m).

Berisford confident of future profitable growth

tional commedity trader, S. and Berisford, shall maintain and improve on its record of and continue to find profitable growth in the future, is expressed by Mr E. S. Marguiles, the chairman, in his

annual statement. For the year ended September 30 1931 group pre-tax profits rose from £36.1m to £40.7m—as reported January 15. The results reflected the consolidation of Berisford's 40.02 per cent helding in British Sugar Corporation - without this consolidation, full year taxable profits were £37m. Mr Margulies says results to date of British Sugar fully justified the investment made last year. Under the Takeover

Cade's rules, although Berisford may sell shares, it is inhibited During this period the chairman says the group will continue to keep the position under review. He explains that the group's strategic course in further developing its activity is to draw on its skill and course in further developing its activity is to draw on its skill and course in further developing its activity is to draw on its skill and course in further the course in further developing its activity is to draw on its skill and course in further the course in further the course in further than the course in the course in further than the course in the course in the course in the course in the course in

CONFIDENCE THAT interna- order to broaden and strengthen meeting, to be held immediately its existing mix of trading and processing individual improve performance.

Berisford Thus, cautiously and deliberately, to deepen involvement in trades where it is aiready established profitably, as well as to extend the range of materials in which it traces by moving into promising new areas. The group aims to do this either by acquisition of existing merchanting and processing businesses or by new ventures from within.

Berisford also seeks to strengthen its regional organisaworld so as to improve its ability to source important raw materials or to service customers

current assets were down from will b

after the annual meeting, it is proposed to adopt new articles of association which will reflect important changes in company law and, development in the practice of company administration, which have taken place since 1964 — when the group's present articles were adopted.
An ordinary resolution

resolution proposes that the directors be authorised to allot shares, securities giving the right to subscribe or convert into shares, baving a cominal amount of up to £13,132,267, at any time during a five year period from the ssing of the resolution.

Also, a special resolution is proposed to authorise the securities for each without offerholders, but this authority will limited (except in the case of rights issue) to the issue of 5 per cent of the current anthorised equity capital, and will be renewable at next year's

Annual meeting to be held at noon, on March 16, at the Tower

Assam Trading £56,000 midway

(Holdings) in the six months to September 30 1981. Pre-tax profits of this investment holding company amounted to £56,000 for the period, on turnover of £1.11m. The figures do not include any contribution from its associate, McLeod Russel.

Profits were struck after interest of £282,000. Tax took £20,000 and including an extraordinary credit of £15,000. attributable profit came out at

Stated carnings per 10p "B" share were 0.20p before extra-

SATISFACTORY PROGRESS has ordinary items and 0.4p after, been made by Assam Trading The company does not pay ordinary items and 0.4p after. interim dividends-for the last full year, a single 1.50 was paid from published taxable profits of £163,000.

> The effect on Assam of results of McLeod Russel continues to be of major importance, but the seasonal nature of that company's business precludes its directors from publishing any half-yearly profit figures and from giving an estimate of profits for the year ending March 31

As a result, Assam is unable

to include in its interim statement any figures relating to the McLeod Russel results and the company states that its own figures should be considered in

Assam continues to hold 38.58 cent of the ordinary capital McLeod Russel. Since tember it has acquired 78,166 new 8.4 per cent convertible cumulative redeemable preference shares which arose out of the merger of McLeod Russel with Warren Plantations Hold-ings. On full conversion of these be reduced to 27.74 per cent.

BOARD MEETINGS

Time following companies have nothing dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications ere not exclude as to whether dividends are interime or finals and the subdivisions shown below are based moinly on last themselve.

TODAY Interim: Joe Holdings.
Finals: Albbey Panels Investments.
Anglo International Investment Trust.
Charles Beynes, English and Scottish Investors, Investment Trust of Guarriesy, Nottinghum Menufacturing, Romney,

FUTURE DATES Equities Feb 23 Group Cleaners Mar 17

Lister moves into profit

AFTER TWO years in loss Lister and Co, the Bradford-based textile manufacturer, recovered to a small profit in the first half of casting a full year that "should show continuing improvement."
On sales little changed at £15.16m (£15.27m) the group turned round from a £717,000 pre-tax loss to a £9,000 profit for the half year to September 26. Trading profit climbed from £341,000 to £329,000 and interest easts were cut from fl.lim to £S27,000. The share of associates rights were £7,000, against £50,000.

Stated loss per 25p share emerged at 0.06p (4.7p) after tax of £6,000 (£44,000).

SPLINE GAUGES

Spline Gauges has purchased the asets of LCL (in liquidation) and also the stock and work in progress of MLMS (creditors meeting to be held shortly). Such equipment as Spline Gauges can use in its business in process of removal and rewill be reflected in the second installation. The remaining assets will be disposed of shortly by public auction.

Better signs for Deanson

there are some signs that the national depression is at last beginning to ease and "this will help us get back to profitability."

Against this, however, the group has to bear the costs incurred by a loss of production following an industrial dispute. Therefore, he feels it would be mwise to attempt any forecast of the current year's results.

In the year ended September 30 1981 the company incurred a loss of £374,880—its first-ever— compared with a profit of £250,958, before tax and extraordinary charges. The dividend is cut from 2.8p to 1p, but the fact there is a payment is an indication that the board feels the majority of the problems have been solved, and an expression of its confidence in

the future. In the print division drastic action was needed to get back to profits and an acquisition was deemed the best way. Therefore, Wilkes Business Forms was acquired; and internal information indicates that had this not been effected this division would have better over 1550 000 including have lost over £350,000, including redundancy costs, because of the severe failing off in orders. After the acquisition the majority of the print division's

manufacturing activities were transferred to Deanson Ltd.; the name of Wilkes Business Forms was changed to Deanson Wilkes and this is now the sales company of the group.

Deanson Ltd. was given a completely new management structure and this had the effect of solving most of the problems. The remainder are receiving close attention and the board believes the results of a "long and arduous" reorganisation chairman says that in April 1981 the directors "found

LOOKING AT prospects for it necessary" to dismiss Mr. Deanson (Holdings), Mr J. C. G. R. McMahon from his Wilcox, executive chairman, says position of chief executive of Deanson Limited. As a result of this Mr McMahon has made an appeal to an Industrial Tribunal, but the chairman says this is being "most strongly defended" by the company. "Mr McMahon did not attend any hoard meetings in the six months after his dismissal and as a result of this was removed from his office as

> In the anual report Mr McMahon is shown as having interests in 300,000 ordinary shares, of Deanson (Holdings). the largest bolding of any of the

a group director on October 16,

Hunting Gate up by 73%

TAXABLE PROFITS of Munting Gate Group, the Hitchin based property development, house building, construction and civil engineering group, climbed by 73 per cent from £948,000 to £1.64m for the year to end July 1981 on turnover up from £18.13m

Net assets have jumped by 42 per cent to just over £6m and earnings per share were 160p, against 90p in 1979/30.

divisions and, with a current development programme of around £100m, most of which is being carried out with major institutions, the board is confident that profits for the current year will be in excess of the 1980/81 results. The new time sharing division

in Norfolk is proving very successful and Hunting Gate is house building programme.

Deborah Services downturn

DESPITE A slight increase in turnover from £14m to £147m. pre-tax profits of scaffolding contractor, Deberah Services tumbled from £760,000 to £261,000 for the six months to September 30, 1981.

Mr A. L. Britton, the charms says the reduction has been caused by severe pressure on margins as a result of the continued recession. He warms that it is very difficult at this stage to forecast any improvement for the second six manna

The interim dividend, how ever, is maintained at 1.21p in per 5p share, payable on March 19. For the last full year, dividends totalled 4.235p from pre-tax profits of £1.57m.

The company's shares are traded on the market made by M. J. H. Nightingale and Co.

SHARE STAKES Stewart Plastics-C. Dugan

Chapman, director, has disposed of 250,000 shares at 120p leaving holding 6,313,938 shares (37,0282 per cent). Fundinvest—As a result of the sale of 50,000 capital shares

Edinburgh Investment Trust has reduced its holding to 1,055,000 capital shares (16.6 per cent).

AIN			
	11-82		eb 1
			Price
High	LOW		7
339	251	Banco Băbao	. 33
360	280	Banco Central	35
320	229		30
			30
330	239	Banco Hispano	31
128	115	Banco Ind, Cat,	17
383	284	Banco Santander .	- 35
234	148	Banco Urquijo	Z 3
382	263	Benco Vizcaya	37
252	203	Benco Zaragosa	23
		SSINCO ZAISHOSE	
175	82 ·	Dragados	18
75	45	Espanola Zinc	8
72	55	Fecse	50.
55	22	Gal. Preciádos	48.
82.7	63.5	Hidrols	65
52.5	50		51
		berduero	
02.5	70	Petrolege	9 9.
104	70	Petroliber	9
102	14	Sogefisa	7 63.
80	60	Totalonics	Ż
78.2	60	Union Elect.	89
49.4	30	Odinos 2000	
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BASE LENDING RATES

			•
A.B.N. Bank 14	%		Robert Fraser 14 %
Allied Irish Bank 14	8		Grindlays Bank
American Express Bk. 14	%		Guinness Mahon 14 %
Amro Bank 14	-%		Hambros Bank 14 %
Henry Ansbacher 14	%	_	Heritable & Gen. Trust 14 %
Arbuthnot Latham 14	œ,		Hill Samuel
Associates Cap. Corp. 14	96		C. Hoare & Co †14 or
Banco de Bilbao 14			Hongkong & Shanghai 14 %
BCCI 14	%		Knowsley & Co. Ltd 1414
Bank Hapoalim BM 14	œ		Lloyds Bank 14 %
Bank Leumi (UK) plc 14			Mailinhall Limited 14 %
Bank of Cyorus 14	άĽ		Edward Manson & Co. 15 %
Bank of Cyprus 14 Bank Street Sec. Ltd. 15	10%		Midland Bank 14.9%
Bank of N.S.W, 14	og.		Samuel Montagu 14 %
Banque Belge Ltd 14	œ.		Morgan Grenfell 14 %
Banque du Rhone et de	70		National Westminster 14 %
la Tamise S.A 14	l QC		Norwich General Trust 14 %
Barclays Bank 14	œ		P. S. Refson & Co 14 %
Beneficial Trust Ltd 15	Ý,		Roxburghe Guarantee 141%
Bremar Holdings Ltd. 15	œ		E. S. Schwab 14 %
Bristol & West Invest. 15			Slavenburg's Bank 14 %
Brit. Bank of Mid. East 14	œ		Standard Chartered 14 %
Brown Shipley 144	ig.		Trade Dev. Bank 14 %
Canada Perm't Trust 14	Œ.		Trustee Savings Bank 14 %
Castle Court Trust Ltd. 14	ďκ		TCB Ltd. 14 % United Bank of Kuwait 14 %
Cavendish G'ty T'st Ltd. 15			United Bank of Kuwait 14 %
Cayzer Ltd 14			Whiteaway Laidlaw 141%
Cedar Holdings 14	ďζ		
Charterhouse Japhet 14	9%		Williams & Glyn's 14 % Wintrust Secs. Ltd 14 %
Choulartons 14			Yorkshire Bank 14 %
Citibank Savings 114			Members of the Accepting Houses
Clydesdale Bank 14	œ,	_	Committee.
C. E. Coates 144	95	•	7-day deposits 11.50%, 1-month
Consolidated Credits 14	Œ		11.75%. Short term E8,000/12
Co-operative Bank*14	œ"		month 14.10%.
Corinthian Secs 14	œ.	ŧ	7-day deposits on sums of:—under
The Cyprus Popular Bk, 14	œ,		£10,000 111-7%, £10,000 up to £50,000 121-7%, £50,000 and over
Duncan Lawrie 14	œ.		121%.
Eagil Trust 14		\$	Call deposits £1,000 and over
E.T. Trust 14	%	•	115%.
Exeter Trust Ltd 15	œ.	g	21-day deposits over £1,000 13%
First Nat. Fin. Corp 17	ďΚ		Demand deposits 12%.
First Nat. Secs. Ltd 17	%	4	Mortgage base rate.
	-		

CONSOLIDATED SEMI-ANNUAL REPORT

Statement of Income	(for the period April 1, 1981 to September 30, 1981 in Millions of Yer	(6 months ended March 31 and Sept. 30)	1,186		
Sales and other income Cost and expenses Income before income taxe Income taxes Net income per share of common stock	1,155,440 54,914 32,897		1981 Sept.		
Balance Sheet		(September 30, 1981) in N	Allions of Yen		
ASSETS		LIABILITIES	- <u></u>		
Cash and time deposit Notes and accounts receive inventories Other current assets	323,133 able, trade 478,996 433,125 291,883	Bank loans Notes and accounts payable, trade Other current liabilities Other liabilities Common stock	494,138 377,805 537,156 419,937		
Property, plant and equipm Other assets		Surplus	256,368		



Over 7, up to 8..... Over 8, up to 9.....

Over 9, up to 10 ... Over 10, up to 15...

Over 15, up to 25...

FT Share Information

The following security has been added to the Share Information Service: Habitat Mothercare Drapery and Stores).

Pending dividends

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that dividends to be declared will not necessarily be

	Announce-		Аплоилсе
Date	ment last	Date.	ment last
	year	•	year
PV Mar 30	Final 6.2	*IMIFeb 25	Final 2.5
nglo American		Kleinwort .	
Gold.,.Mar 11. Imstrong	Final 600c	BensonMar 28	Final 6.0
EquipmentMar 25	Int 0.55	LWTApr. 2 LadbrokeApr 2	Final 4,086 Final 6.95
ult and		Legal and	11166 0,30
WiborgMar 6	Final 1.05	GeneralApr 1	Final 6.0
BA	Final 0.9 Final 8.4	Lex Service Mar 19	Final 4_2
SRMar 18	Final nil	*Low & BonarMer 29	Final 9.5
SRMar 18 TRMar 12	Final 5.5	Lucas IndsMar 26 *Marchwrol 'Feb 24	inz. 2.6 Final 3.6
ibcock intiAor 1	Final 3.6	"Midland Bank Mar 19	Final 14.0
arclays BkMar 1	Final 9.25	Mills and	
Pratt - DevomtsMar 17	1 25	Allen Inth Mar 20	int. 5.0
jem	Int. 3.5	*Mitchell Cotts,Mar 4- *NatWestFeb 23	Int. 0.656
1) (A.)Mar 25	Int. 1.25 Int. 2.332	News IntlMar 25	Final 12.25 Int. 2.8365
ii (A.)Mar 25 estobeliMar 25 bby (J.)Mar 16	Finel 7.1	*Nottingham	1116 2.0000
bby (J.)Mar 16	Final 4.925	. MnigFeb 22	Finel 3.0
oddingtons	F: 4 F	Ocean	_
BreweriesMar 19	Final 1.5	TransportMar 30	final 4.7
McConneilMar 31	Final 1.875	Peechey PropMar 31	
ritish	11161 1.075	Phoenix AsceApr 1 PlesseyFeb 25	Finel 8.4 Int. 3.22
AluminiumMar 11	Final 2.0	PrudentialMar 25	Final 7.0
កំពុំខ្លាំ		"Ransomes Sims	
PetroleumMar 12	Finel 14.0	and Jefferies. Mar 4	Final 8.0
itish VitaMar 3	Final 2.6	Reckitt end	
own BrosFab 25	Int. 1.0	ColmanApr 1	Final 5.0
and PaperMar 31	Final 3.02	Reed (A.)Apr -2	Fina) 2,46 Final 1.6
dbury		RentokilMar 4 Rockware, Mar 25	Final 2.1
SchweppesMar 11	Final 2.9	Royal Dutch	
ipa IndsMar 31	Final 7.3	Petroleum, Mar 12	Final FI 3.9
Mington		PRoyal InsceMar 1	Final 14.75
ViyellaFeb 24	Final nii	Shell TransptMer 12	Final 10.5
pment RöadstoneMar 18	Final 3.23	Slough EstsMar 25	Final 1.66
ommercial	1 11141 0.20	Smith and Naphaw, Mar 24	E100
Bank AustFeb.25	int 10c .	Staffs. Potts Mar 5	Final 2.6 Int. no.
omercia)		STCMar 20	Final 6.0
UnionFab 23	Final 6.4	SteetlevMar 19	Final 8.5
ona. Gold	in at.	Sun Allience Apr 1	Final 18.0
FieldsMar 3	int. 8.5 Final 3.0	Tilling (T.)Mar 18	Final 4.0
BeersMar 9	Final 50c.	Transpt. DevMar 15	Final 28
ictile SteelsMar 17	int eil	TricentrolMar 19 Tube InvsMar 10	Final 5.6 Final 2.5
gle Star Mar 25	Final 5.5	*Turner and	rinal 23
irclough		NewallMar 17	Finel 3.0
ConstrMar 17	Final 2.85	UltramerMar 11	Final 7.0
sons	Final 3.1	*UnileverMar 2	Final 13.97
REApr 1	Final 9.5	*Utd. BisquitsMar 11	Final 2.5
AccidentMar 3	Final 7.25	Utd. City MerchantsMar 12	lot. 0.8
neral MngMer 4	Final 100c	WeirApr 1	Final nil
lest KeenMar 18	Final 4.0	Willia FaberMar 23	Final 8.2
	int 2.75	Woiseley-	
ertisons Malay, Estsfeb 24	let 25 .	HughesMar 19	Int. 4.4
410167 E313 GD 49	1005 5.0	*Woolworth	

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Public Works Loan Board rates

M. J. H. Nightingale & Co. Limited 27/28 Lovat Lane London EC3R SEB Change Gross Yield Fully Price on week div. (p) % Actual taxad 123 -1 10.0 8.1 - 70 - 4.7 6.7 11.1 15.4 43 -1 4.3 10.0 3.6 8.1 202 -2 9.7 4.8 9.8 12.0 71 -6 8.0 8.5 3.5 6.7 130 - 6.4 4.9 11.7 24.1 83 +2 6.4 7.7 4.2 8.1 51 - 7.3 7.7 6.8 10.3 106 +1 16.7 14.8 - 95 +1 7.0 7.4 -3.0 6.7 12 - 8.7 7.8 8.2 10.3 50 +4 31.3 12.5 3.5 8.8 38 +2 5.3 9.1 8.9 8.3 11. -3 10.7 6.6 5.2 9.8 Frank Horsell 130 Frederick Parker 83 George Blair 51 Ind. Precision Castings 85 Isls Corv. Pref. 106 Jackson Group 95 James Burrough 112 Robert Jenkins 250 Scruttons A Today and Carlisla 161 Twinlock Ord 132 Twinlock ULS 77 Unilock Holdings 26 Walter Alexander 75 W. S. Yeates 226 Prices now available on Prestal page 48148,

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 12/3/82 3 4 5 6 7 8 9 10 131 131 131 131 14- 14 141 Deposits to and further information from The Treasurer, Finance for Industry pic, 91 Waterloo Rd., London SEI SXP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, at FFF" FFF is the holding company for ICFC and FCL

THE TRING HALL USM INDEX 187.7 (+0.6) close of business 19/2/82 BASE DATE 10/11/80 100

Tel.: 01-638 1591

LADBROKE INDEX Close 558-563 (-1); '

SEK

U.S. \$75,000,000

(Swedish Export Credit Corporation)

Floating Rate Notes due 1987 and Warrants to purchase U.S. \$112,500,000

Morgan Guaranty Ltd

February 11, 1982

MORGAN STANLEY INTERNATIONAL

Skandinaviska Enskilda Banken

PK BANKEN GROUP

MANUFACTURERS HANOVER LIMITED

SAUDI INTERNATIONAL BANK S.G. WARBURG & CO. LTD.

WESTDEUTSCHE LANDESBANK GIROZENTRALE

SWISS BANK CORPORATION INTERNATIONAL LIMITED

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AB Svensk Exportkredit

143/4% Bonds due 1990

Svenska Handelsbanken

BANK OF TOKYO INTERNATIONAL LIMITED Banque Bruxelles Lambert S.A.

Sparbankernas Bank

INTERNATIONAL BONDS

Optimism despite uncertainty over U.S. economy

figures.

But in stark contrast to back of traders' minds, fuelled by a somewhat unexpected mains fearful of more shocks decline in short-term money from the other side of the

While prime rates in the U.S. moved up to 17 per cent last the performance of the dollar week. Eurodeposit rates actually sector, with confidence growing fell in Europe, with the six at the end-of the week as lower fell in Europe, with the six-months' rate shedding as much as 1 of a point to 151 per cent.

This was particularly good news for traders in fixed rate bonds who once again suddenly

a positive cost of carry.
Outstanding gains were to be made, particularly from the adjustable issue for Mexico for which the initial coupon has been set at 171 per cent-far above interbank rates. This helped the issue survive the trauma of the flotation of the peso which was almost simultaneous with the launch of the

But the coupons on other new fixed rate issues also began to look rather generous. The 16 per cent issue for Saskatchewan was quickly increased from an initial amount of \$100m to \$125m, and other new fixed rate issues were also reported to be

Then on Friday the Eurobond market received a rare visit from the Republic of Austria which is floating \$150m. 151 per cent issue at 991 per cent through Salomon Brothers, S. G. Warburg and

were said to be baulking at the cent bond for the Italian name, which is all too familiar Treasury. on their domestic market. But its rarity value allowed it to sell very well in other quarters.

tranche of \$75m, while another of the lira. International in-\$75m may be sold on a tap basis later... Does this mean the Eurobond market is back on a more con-

rentional and steady diet of

fixed rate bonds? Unusually,

THE INTERNATIONAL bond there were no zero coupon markets were back at their issues last week and as far as favourite game at the end of last the secondary market is conweck—guessing the impact of cerued it was, said one trader the latest U.S. money supply more exactly managing to run away with itself." "not exactly managing to run away with itself."

But in stark contrast to While bond prices closed previous weeks, there was more quite strongly up on Friday, the man a hint of optimism in the gains on the week were still quite small as the market re-

Atlantic. Continental markets mirrored dollar interest rates depressed the U.S. currency against the D-Mark and Swiss franc. In Germany the DM 100m, 10-

year bonds for the Spanish telefound themselves able to communications agency Cla finance inventories of bonds at Telefonica Nacional were a positive cost of carry. awarded a 10; per cent coupon by lead managers Dresdner Bank. This is somewhat above the 91 per cent coupon on the preceding DM 200m issue for the EEC, but the terms may have had to be sweetened slightly because the borrower does not carry a formal govern-

ment guarantee.
Average secondary market prices in Germany did not quite manage to recover their early losses, closing the week down around i point. In Switzerland, the net fall was somewhat greater at around a point.

A feature of this market was the 71 per cent coupon awarded to the Austrian Kontrollbank issue, rather higher than that on some similar recent issues. The SwFr 100m issue for Austria's postal savings bank, Postsparkasse, saw its coupon increased by a point to 73 per

The European Currency Unit (ECU), meanwhile, continues its valiant effort to become an Morgan Guaranty.

This is the first fixed rate its valiant effort to become a international bond market which bond was launched in launch of an ECU 500m, 14 per hond for the Italian

The bulk of the issue was, however, placed domestically with Italian investors anxious The issue comprises an initial to hedge against the weakness vestors, whose demand for such paper is still relatively limited. reportedly took up only about ECU 50m.

Peter Montagnon

CREDITS

Mexico faces rising spreads

Mexico's Public

50 - Sector Debt

MEXICO'S sudden decision to markets may lead to an acceleration of the rate at which spreads on its foreign currency loans have been rising.

This was the consensus of Euromarket bankers as the dust began to settle around Thurs-day's effective 30 per cent depreciation of the Mexican In the longer run, the flota-

tion of the peso should help the country's balance of pay-ments by boosting tourism revenues and exports of manu-factured goods. But for the short term it seems likely to lead to a period of intensified. economic uncertainty, particu-larly for the private sector, which has dollar debts of some

\$15bn. The \$2bn, four-year renew.

able credit for Pemex which enters syndication this week with a margin of i per cent over Libor or i over U.S. prime rate, thus presents something of a test for the market.

There is no basic problem with this credit as it was already oversubscribed by \$200m at the lead management level before the peso was floated. But Mexico is hoping for a good sell-down so that major banks retain

space in their balance sheets for further borrowings by public sector entities. A dramatic illustration of the

Mexico was shown by Pemex's admission in London last week that its outstanding external borrowings more than doubled last year to \$20.5bn. Of the total, about \$4.2bn takes the form of direct short-term loans from banks—about half of which will be consolidated into medium-term debt this year.

increasingly confident that Poland has met, or at least nearly met, its commitment to pay outstanding 1981 interest arrears on its foreign debt.

The final count will continue impact of lower oil prices on through the early days of this of only 1-1. Portuguese deals

week, but banks are beginning to talk more firmly of a signing ceremony for the 1981 reshedulprobably on March 4.

In Western Europe, Electricidade de Portugal has man-dated Citicorp, Bank of Tokyo which will be consolidated into and the National Bank of nedium-term debt this year.

Canada to raise \$100m over on the other side of the world eight years with a margin of Western banks are becoming | per cent for the first six years and i per cent thereafter.

> These terms mark a significant increase on the recent \$120m credit for the development bank, Banco de Fomento Nacional, which carried margins

moment because a large credit of up to \$650m is expected later in the speing for the Republic

But some bankers said on Friday that Portugal may still cent on the margins for its

Another new mandate last week was \$200m for Venezuela's agricultural development bank, Bendegro. Led by a group including Credit Agricole and Libra, this bears a margin of a per cent for the first two years. rising to I per cent for the next three years if renewed at the lender's option. However, Venezuela has

apparently still not decided on Republic has also been delayed for about a month, because of unusually complicated discuscreased eventually to at least \$550m, and possibly \$600m.

creased is that for Denmark. led the Libor based tranche to

are being closely watched at the

whether to raise a large loan from banks in the Gulf. Signing of the latest large credit for the sions on legal documentation. This credit is expected to be in-Another credit to be in-

by Citibank, where subscriptions are already high enough to raise \$250m from \$200m, and the prime rate based portion to \$600m from \$500m.

Peter Montagnon | wear starting April 1. But early

EURODOLLAR LOANS

Japanese lenders' enthusiasm wanes

the Ministry of Finance has

begun to wane. Finance sive competition.

Ministry officials are naturally Ministry officials loathe the more cautious during periods of thought of one of their charges monetary and foreign exchange

unrest, although the yen's cur-rent weakness is unrelated to Eurodollar lending.

Banks are to be told to be careful and selective in Eurodollar loans and to avoid putting further pressure on rock bottom loan spreads, which would attract foreign criticism. The banks, moreover, are already bumping against "risk" ceilings on a number of the

hungriest sovereign borrowers.
The Finance Ministry has yet
to set guidelines for the half

JAPANESE banks have reemerged as conspicuous participants in the currently rather shaky Eurodollar loan market, cutting a wider swath when others, notably the West Germans, have been frightened away by a serious squeeze on interest rate spreads on loans.

After a modest resumption 10 months ago, when a temporary ban on their participation sink toward rock bottom levels. ary ban on their participation in syndicated Euroloans was lifted, the pace of lending has accelerated quickly. In the six months ending this March 31, the Ministry of Figures has

These days, bankers appear allowed a surge to \$8bn in new commitments.

The enthusiasm, however, has

The enthusiasm, however, has

> thought of one of their charges again being accused of rate cut-ting to grab business Japanese banks are worried that spreads for all prime bor-rowers are still falling, especially in Asia, where a 1 point spread is the going rate.

The Japanese hope that a rise in demand for Eurodollar loans this year will help reverse the slide in spreads. Bankers here see rises in borrowing from a broad range of sources, including oil producers and certatin industrialised states like France.

Richard C. Hanson

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amoun m	t Maturity	Av. lite yezrs	Соцроп	Price	Lead manager C	Mer yield %	Borrowers	Amount m	Maturity	Av. life years	Соирол %	Price	_	ffer yield
U.S. DOLLARS Carolina Power!	40	1989	7	16]	79	Merrill Lynch	16.753	Murata§ Spanish Telephones	50 100	1990 1992	10	10}	100	Bay. Vereinsbank Dresdner Bank	•
Sumitorno Electric§‡ Hitachi Maxell§‡ Trans-Western Explorato	50 30 5+ 10	1997 1997 1997	15 15 15	51 44	700 100 100	Daiwa Secs. Nikko Secs- Bateman Eichler	5.500 4.306 9.000	SWISS BANKS Oest. Postsparkasset	100	1992 1987	_	7}	991	Kredietbank	7.573
Amada§	30	1 997	15	•	100	Nippon Kangyo, Schro Wagg, Nomura Intl., Dai-Ichi Kangyo	der	Nakayama Steel**§‡ OKB‡ IADB**‡	30 100 50	1992 1987	=	71 8	100 100 100}	UBS SBC Wirtschafts-und Privatbank	6.500 7.750 7.835
CIBC! SOFTE†!	125 75	1987 1 989	5. 7	16 6 ⁰	100 160	Hambros Bank, CIBC Sumitomo Fin., Credit Lyonnais	16.000 6.000 [©]	First City Fin. Corp.‡ Can. Pacific**‡ Becton, Dickinson**‡	25 140 60	1992 1988 1987	=	8 <u>1</u> 7 1 71	99 <u>1</u> 100 100	Banque Keyser Ulimann SBC SBC	
Mexico; Multibanco Commerment; Austria;	100 40 75-	1997 1992 1988	75 10	1719 5 <u>1</u> 0 151	100 100 991	CCF Nat. Bank of Abu Dhab Salomon Bros., S G	17.000° i 5.750°	Toyo Kanetsu**§ Casio Computer**§	26 80	1987 1987	<u>-</u>	• • •	100 100	SBC UBS	*
Saskatchewan‡	125	1989	7	16	100	Warburg, Morgan Gy CSFB	7. 15.630 16.000	STERLING Reed Intl.1	25	1989	6.4	16]	100	SG Warburg	16.750
CANADIAN DOLLARS City of Montreal;	. 50	1989	6	17	98] .	Kredietbank, BBL, Societe Generale	17.320	G'.!!LDERS E!B**‡ Asian Devt. Bank‡	75 100	1987 1992	5	11 11 1	100 99	AmRo Bank Algemene Bank, AmRo	11.000 11.675
Prov. of Quebect	50	1988	6	17	991	Societe Generale	17.210 ·	ECUs Italy‡	500	1989	7	14	100	Kredietbank	14.000
D-MARKS Tauernautobahn‡	50	1994	12	97	100 .	West LB West LB	9 875 10.120	Council of Europe	25	1990	8	141	100	Societe Generale, Banqu Bruxelles Lambert	
Denmark‡ Denmark‡ Nippon Sheet Glass§ EEC‡	108 150 30	1988 1992 1987	10 5	10 101	991 991 100	West LB Deutsche Bank	10.248	YEN New Zealandt	20bn	1992	9	8.3	99}	Yamaichi Secs.	8.345
EEC! OKB**! Not yet proced. # Final	200 100	1994 1987 **: Placement.	8½ 5 + Floatin	9]. 9] m rate note.	99 99 <u>1</u> @ Minir	Deutsche Bank Bay, Hypobank num, § Convertible, †† 8	9.896 10.007 legistered with	KUWAITI DINARS Dart and Kraft U.S. Securities and Exchange (7 Commission	1989	7	e unt Motor	e Yielda sa	KIIC	•

This announcement appears as a matter of record only



HYDROCARBONS INTERNATIONAL HOLDING S.A. Luxembourg

Swiss Francs 100 000 000

SFr. 30 000 000 Floating Rate Bonds of 1982 due 1992

SFr. 70 000 000 8% Fixed Rate Bonds of 1982 due 1992



SODITIC S.A.

r i ca le

PRESENTATION OF THE PERSON OF

BANQUE SCANDINAVE EN SUISSE

CITICORP INTERNATIONAL FINANCE S.A.

Bank Heusser & Cie AG

American Express Bank (Switzerland) AG Banca di Credito Commerciale e Mobiliare S.A. Bank Leumi Le-Israel (Schweiz) Bankers Trust AG Banque Pariente Compagnie Luxembourgeoise de la Dresdner Bank AG Grindlays Bank S.A.

Nederlandsche Middenstandsbank (Suisse) S.A.

Trade Development Bank

Fuji Bank (Schweiz) AG

Banca del Sempione Bank für Kredit und Aussenhandel AG Bank Schoop Reiff & Co. AG Banque Bruxelles Lambert (Suisse) S.A. Banque Worms et Associés (Genève) S.A. Dai-Ichi Kangyo Bank (Schweiz) AG

> Kleinwort, Benson (Geneva) S.A. Privat Kredit Bank S.G. Warburg Bank AG



Sime Darby Group

•			
Year to 30th June	•	31st De	nths to ecember
1981 M\$million		1981 M\$million	1980 M\$million
245.4	PROFIT BEFORE TAXATION	102.9	141.3
165.6	PROFIT AFTER TAXATION	60.0	89.2
122.7	EARNINGS	41.4	67.5
M. Sen		M. Sen	M. Sen
10.8	DIVIDENDS PER SHARE—GROSS	4.0	4.0
17.3	EARNINGS PER SHARE	5.8	9.5

The main reason for the fall in Group profit lies in the current state of the world economy. As a direct result of the recession, the damand for commodities from the industrial world has fallen and this in turn has severely depressed prices particularly the rubber price. The effects of the recession are now being felt in the ASEAN region and it is apparent that these conditions will continue for some time yet.

The first half year results are disappointing but not unreasonable, given the climate of today's economic conditions, and the Sime Darby Group remains financially strong and should be able to withstand the difficulties of the present economic conditions.

Copies of the full interim report to be sent to shereholders on 26th February may be obtained on request from The Secretary, Sime Darby Berhad, Wisma MISC, Jalan Conlay, Kuala Lumpur.

Financial Times Monday February 22 1982 INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Wall Street bullish but rally lacks retail buyers

AFTER WEEKS of alarm and quickly satisfy any rise in despondency, Wall Street finally demand. has reason to open on a more up-beat note today. Not only many people also see whatever has it had the week-end to rally develops taking the form savour the best money supply of last November's-when the numbers this year (a sharp market advanced powerfully \$3bn fall in M1), a more optionly to founder in the all-toomistic mood also seemed to be familiar quagmire of money taking root last week as the supply worries, Treasury deficits Federal Reserve continued to and tight money. In retrospect, pour liquidity into the markets the November raily was one of to ease the worst pressures on

Some of the more bullish traders even ventured the view that the latest peak in interest rates could be past. Although the prime rate was increased from 161 to 17 per cent last week, and grabbed the headlines, the trend in underlying market rates was broadly down-

Shorter-term interest rates declined as much as a percent-Street had celebrated the fall in M1, which put it much closer Fed. The long treasury bond, beliwether of the much-battered long end of the market, traded over par for the first time this year and its yield fell below 14

per cent. Rates that determine bank cost of funds, and hence the prime rate, such as certificates of deposit also declined, meaning that the prime is unlikely to go higher as seemed likely early last week. Banks are now expected to stay put for a while

term credit demand remains at until the trend becomes clearer. surprisingly high levels, and Fostering the bullish view is contributed to the recent spike the increasing likelihood that in interest rates. This is due partly to the absence of alternaeconomic recovery in the U.S. will come later rather than tive sources of funds, like the sooner-probably not till the bond market which is moribund. second half of the year. That and partly to a high level of should postpone any all-round surge in private sector loan distress" borrowing by companies whose inventors financ-President ing costs and internal cash generation have been badly hit Reagan, an optimist if ever there was one, refused to be by the recession. pinned down to a date for recovery at last week's press conference, claiming with justice that everyone would pro-

claim it a calamity if he was But last week's rally lacked one key component to make it convincing: retail buying—most of the dealing was done among traders. Wall Street also has a large overhang of unsold paper from the Treasury's Source: Salomon Brothers (estimates) in the week to February 10 M1 fell \$3.150 to a seasonally adjusted

Taking the longer term view

the many zigs that have come

enabled some nimble-footed borrowers to lock in relatively

Although President Reagan was at pains last week to patch

up his differences with the Fed,

and reaffirm his commitment to

bringing the deficit down, the

market have not changed. The White House and the Fed may

have called off their public

slanging match, but the basic thrust of monetary policy

remains at odds with the budget

realities. Analysts calculate that

while the Treasury's borrowings

in the period immediately ahead

might fall, its needs over the last three-quarters of this year

will amount to a record \$85bm

of net new money.
They also warn that next

month will be difficult for tech-

nical reasons, meaning that the

Fed funds rate and the money

supply could be exceptionally

Despite the recession, short-

volatile.

challenges facing the

well-priced long-term money.

the zags, though it

company, Rumasa, is to go savings banks were able to ahead with a controversial banking deal that involves the take- of the Treasury. But such over of the troubled trust fund, methods were not possible in all Fidecaya.

The deal has been authorized by the Ministry of Finance in the face of strong opposition from the Ministry of the Economy, the Bank of Spain and part of the banking community.

Fidecaya went into receivership last August holding 250,000 customer accounts and deposits of Pta 16bn (\$160m). Trust companies come under the control of the Finance Ministry, which authorised a businessman, Sr Vincente Edmundo Alfaro, to salvage Fidecaya. But the deal failed, and fraud charges are now outstanding.

Because of the Finance Ministry's embarrassment over the failure of its efforts to save Fidecaya, it pushed through a decree guaranteeing the depo-sitors their funds. This created a precedent since under banking law, depositors in a private bank are only guaranteed up to

Pta 1.5m.
The Ministry then faced administrative problems in handing over the funds to depositors and in winding up

SPAIN's largest private holding Fidecaya assets. Some regional back over 16 years the Pta 15bn owed to the Treasury.

> The Spanish monetary authorities object to the deal on the grounds that it allows Rumasa to get round restrictions on bank branch expansion.

At present a number of Rumasa's 18 banks are up depositors and a further Pta 1bn against their growth ceiling. of debt, the Rumasa group of The injection of 300 new banks would take on Fidecaya's employees from Fidecaya presumably allows the group to

Sales increase at Migros but margins narrow

BY JOHN WICKS IN ZURICH

Rumasa gets go-ahead for

Rumasa stepped in last

handling the return of the

remaining Pta 5.7bn to

assets and 300 of its 550

employees. Rumasa would pay

In return

take-over of Fidecaya

regions.

December.

MIGROS has consolidated its position as Switzerland's biggest retailer by lifting its 1981 turn-over by 6.8 per cent to a record SwFr 8.91bn (\$4.73bn). Its profit margin, however, fell to 4.45 per cent of sales, the lowest since 1975.

Nevertheless, Migros has increased slightly its market share. Retail sales of its 12 regional co-operatives rose 6.7

per cent in 1981 to SwFr 7.61bn (\$4.05bn) or about 13.7 per cent of Swiss retail sales, which rose 6.2 per cent last year. Migros's retail food sales rose about 6.6 per cent to Sw Fr 5.17on (\$2.75bn) with

about 27 per cent. Migrol, its petrol station chain, increased its sales by 15.3 per cent to SwFr 596.4m.

Mr Christer Almovist

dent of the company's chemical

JWT finds "fictitious earnings"

By David Lascelles in New York

JWT Group, parent of the J. Walter Thompson advertising agency, revealed last week that a total of \$24.5m in fictitious earnings had been fed into a computer at one of its subsidiaries.

The non-existent money was entered over a period of three years and nine mouths, the company said, with \$6.5m of it coming in the final quarter of last year.

cation, sells independently made television programmes to breadcasting stations in return for advertising time. A senior officer at the subsidiary has been suspended. JWT, the largest advertising organisation in the U.S., said that write-downs following the discovery would reduce its 1981 earnings by between 62 per cent and 75 per centt. The results should

The subsidiary, JWT Syndi-

• LIONEL CORPORATION, the major New York-based toy manufacturer, has filed for voluntary bankrupicy after efforts to obtain more short-

term credit from banks broke an unchanged market share of The proceedings involve the company and its two retail subsidiarles but not a component making subsidiary, Dale Electronics.

Results at Esselte begin to recover

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

ESSELTE, the Swedish office cast to reach about SKr 5.75bn supplies, packaging and print- ahead by just over SKr 1bn, of ing group which bought which Letraset would contriing group which bought which Letraset would Britain's Letraset last year, bute some SKr 340m. reports a SKr 20m fall in earn. The nine-month profi the first nine months of fiscal

Group earnings, including portant markets. Sales improved Letraset, for the year ending in the third quarter and part March 31 should, however, of the earnings setback of the equal last year's SKr 281m, Sales in the first three-

quarters totalled just over year as a whole turnover is fore- more than SKr 50m in 1982-83

The nine-month profit decline ings to SKr 164m (\$28.5m) in is attributed to the deflationary government policies pursued in several of Esselte's most im-

> first half was recovered. tribute about SKr 15m to group

Letraset is expected to con-SKr 4bn (\$696m), an increase earnings in the current year of 18 per cent or of 14 per cent, after deduction of interest costs if Letraset is excluded. For the incurred in the purchase, and

Paribas Suisse lifts profit

higher dividend are announced year by more than a quarter to by Paribas Suisse, the former Paribas subsidiary now owned Pargesa last autumn in a move by Pargesa, a Swiss holding designed to protect the Swiss company.

At the net level, profit has risen by a fifth to SwFr 45.1m (\$23.8m) from SwFr 37.4m in 1980. The dividend is going up to SwFr 13.50 a share from SwFr 11.50.

Paribas Suisse.

INCRESASED PROFIT and a balance sheet expanded last SwFr 4.02bn, was acquired by company from French bank nationalisation.

Earlier this year a deal was struck between Pargesa and Paribas of France aimed at restoring the links between the French banking and industrial group a subsidiary. and its

Board changes at Tri Basin

Resources

TRI BASIN RESOURCES, Canadian-based oil and gas company has made a number of board changes. Mr Wilfred Baillie is the new president and chief executive. Vice president of finance is Mr R. David Anthony. Dr Trevor Clarkson is a new director Mr Daniel P. Davison, chair-

man and president of The United States Trust Company of New York has been elected to the board of the DISCOUNT COR-David Lascelles U.S. INTEREST RATES (%)
Week to Week to
Feb 19 Feb 12
15.14 15.37
14.14 PORATION of New York.

Mr James E. Worsham has been appointed executive vice president of the Douglas Aircraft Company division of Mc-DONNELL DOUGLAS CORP. Long Beach. He joins the aircraft company after 30 years as an engineer and executive with the General Electric Company's aircraft engine group. He succeeds Mr Charles M. Forsyth, who retired as Douglas executive

vice president at the end of 1981.

FOREST OIL CORPORATION,
Denver, has appointed Mr
William L. Dorn, Rocky Mountain division manager, region II, to the board.

● Mr H. Arthur Nedom, has been named an honarary member of the AMERICAN INSTITUTE OF MINING, METALLURGICAL, AND PETROLEUM ENGIN-EERS. This is the highest award the Institute can bestow, with membership limited to 50 living members at any given time. Membership will be conferred on Mr Nedom at the AIME annual banquet, February 17, in Dallas, Texas. Mr Nedom is president of Weeks Petroleum, Westport, Connecticut

 AXEL JOHNSON AND CO (IRELAND) has appointed Mr Christer Almgvist as managing director from March 1. Mr Bengt Dahlberg, the retiring managing director, will remain as a con-sultant to the company on special projects. In addition, Mr J. G. Mardon becomes chairman. Mr. Almqvist has been with A. John-division in Malmo, Sweden, and succeeds Mr Charles M. Forsyth, son and Co. since 1970. He has more recently was managing who retired as Douglas executive held the position of vice presi- director of Jiha Plast Johnson

INTERNATIONAL APPOINTMENTS Huls AB, one of Sweden's largest

packaging items.

• Mr G. J. Hartley has joined ANTONY GIBBS AND SONS as a director in the export finance department. Initially he will be seconded to Wardley in Hong Kong. Both Antony Gibbs and Sons and Wardley are whollyowned subsidiaries of the Hong-kong and Shanghai Banking Corporation.

 Mrs Erika Tordiman, president of AMAX INTERNATIONAL headquartered in Paris, has been assigned additional responsibility for international corporate com-munications. She is a director of Compagnie Francaise d'Entre-prises Minieres, Metallurgiques et d'Investisements and of Societe de Promotion de Mines.

Mr Alan R. Nielsen has been named vice president of strategic planning at PITNEY BOWES, Stamford, Ct. Mr Denis F. Mullane, president of Connecti-cut Mutual Life Insurance Company, has been elected a director of Pitney Bowes Inc. NATOMAS COMPANY, San

FT INTERNATIONA

producers of plastic catering and president of human resources, a new position. He was director of human resources for Sun Petroleum Products Company. • Mr Philip J. Doherty and Mr

P. H. Heerema have been elected to the board of directors of WILLIAMS INTERNATIONAL GROUP, INC., Tulsa. Mr Doherty replaces Mr Walter B. Hall, who retired from the company, and Mr Heerema succeeds his father, Mr Pieter S. Heerema, who died last September. Mr Doherty is executive vice president and chief financial officer of Williams International. Mr Heerema re-ceptly joined the Heerema Group after several years with Citibank in Amsterdam.

Mr Shelden E. Boege, vice-president, has been appointed CITI-BANK'S senior officer for the Levant. He has succeeded Mr Timothy M. Kelley, who recently took up a new position with the bank in Africa. Mr Boege, who will be based in Athens, was pre-viously a director of Saudi American Bank, which is an

BOND SERVICE

Barry D. Leskin as named vice Arabia. He is in charge of Citibank's branches and overall activities in Lebanon, Turkey and Jordan, as well as other nearby countries with which the bank does business.

 Mr Howard Smith, president of Newsweek International, has dent of NEWSWEEK, INC., New

• DEBORAH SERVICES has appointed the board of its new Norwegian subsidiary, DSL as Norskstillastuete Chairman is Mr Arthur Laurence Britton a founder director and chairman of the main board for the DSL Group. Mr David Swales

becomes vice-chairman and retains his position as group central contracts executive. Managing director is Mr Martin Huesbo and Mr Egil Huesbo has been appointed director and company lawyer. Deputy directors Mr Peter Clarkin who is also chairman and contracts director of the DSL Group central contracts board and Mrs Gunn fluesho. DSL is one of the UK's Francisco, has appointed Mr affiliate of Citihank in Saudi largest scaffolding companies.

This announcement appears as a matter of record only.



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Agent

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February 1982

| DOLLAN | IGAITS | Issued Bid Oiler dry week Yield | IGAITS | IGA SAMUEL MONTAGU & CO. LIMITED

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FLOATING RATE

| Issued | Bid Offer day week | 15 | 351, 1004, +01, +01, +01, | 20 | 511, 914, +01, +01, | 15 | 351, 1004, -01, +01, | 15 | 351, 1004, -01, +01, | 15 | 351, 1004, -01, -01, | 0 | 15 | 351, 1004, -01, | 0 | 451, +01, | 15 | 351, 1002, -04, +01, | 16 | 351, 1002, -04, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 451, | 0 | 4

EUROBOND TURNOVER (nominal value in \$m)

U.S. \$ bonds Last week..... 6.435.2 11.158.5 Previous week 6,501.3 11,367.6 Other bonds Last week...

760.0

*No information availableprevious day's price. t Only one market maker

Previous week

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week—Change over price a week

earlier. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Conpon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; \$ above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current coupon.

CONVERTIBLE BONDS: De-nominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Per-centage premium of the current effective price of acquiring shares via the bond most recent price of the shares.

The list shows the 200 latest

international bonds for which an adequate secondary market exists. The prices over the past exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commercbank AG: Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Algemens Bank Nederland NV; Algemene Bank Nederland NV Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Com mercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV: Deltec Securities (UK); EBC; First Chicago; Goldman Sachs Inter-national Corporation; Hambros Bank; TBJ International; Kidder Peabody International; Manufac-turers Hanover; Merrill Lynch; Morgan Stanley International Nikko Securities Company (Europe): Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International: S. G. Warburg and Co.; Wood Gundy.

Closing prices on February 19

BUILDING AND CIVIL ENGINEERING

Motorola picks Fairclough

stage contract for Motorola's gases. £60m expansion programme at its microchip production plant in East Kilbride, Scotland.

ment division has picked up the plant and distribution systems contract—involving the design, will allow future integration of construction and management of the phase three develop centralised energy centre and ment—in the face of competi distribution network. tion from UK and international project management specialists.

Motorola, the U.S. electronics company, announced the de project management in the convelopment programme last autumn and the plans will add about 100,000 sq ft of floorspace to its existing 150,000 sq ft semi-conductor plant, which was opened 10 years ago

was opened 10 years ago. pected to be complete by mid-1984 and will provide work for project are, no longer effective about 800 people, in addition and the control of costs, time to the 1,300 employees already and quality has become an even on the complex. The company greater priority in to considered making the new investment in France, West German watch-dog activity."

memory products.

Orders received to date cover to offer the largest independent ne concept, and schematic project management company in design phases for a water fab- the UK and for 17 years has a third of them overseas rication facility, support build- been marrying together the including Nigeria and California ings, liquid gas compounds, various construction skills into and one package. warehouses external works on a site next to existing plant. Key factors a client with an organisation Queen Anne house at Harmonds-governing design will be the which relieves him of the day-worth, West Drayton, Middlesex.

ECC Quarries, Redland Aggre-

gates. Tarmac Roadstone and

Tilcon, which believes that

their support of the new BCMI

will result in members receiving

much less dissipation of valu-

ROSF (British Quarrying and Slag Federation), BRMC

Slag Federation), BRMC (British Ready-Mixed Concrete

able board members' time.

and Gravel Association).

FAIRCLOUGH Project Manage low level of acceptable vibra- to-day responsibility for a major ment has celebrated its first tion and the special safety re- project, while at the same time birthday by winning the first quirements for pyrophoric guaranteeing accurate infor-

Phase three will be sufficlently flexible to accept future changes in production tech-The group's project manage- niques and the new services existing buildings to provide a

> Fairclough's success in picking up such a major contract highlights the growing role of struction industry and the con-version of increasing numbers of traditional contractors to the

According to operations like Project Management Inter-national, traditional methods of handling a major construction greater priority in today's com-

Such control, or "continuous watch-dog activity," says PML many and Japan. watch-dog activity," says PMI.

The additional facility will should be the responsibility of represent one of the most an expert group which has handover of a completed build-technologically advanced build- developed procedures to improve ing as a whole, or in parts. Staff ings of its type in Europe and the efficiency of the entire training preparation of handwill enable production of high-construction process—not just over documents and the negotia-speed micro-processors and design, or construction. Senior tion of maintenance contracts partner; Derek Hammond claims

mation on all stages of the work.

The total service can start with property advice, incorporat-ing general planning assistance, negotiations with authorities and preparation of feasibility studies. Co-ordinating the project takes in guidance on the selection of

all members of the professional team, the type of contract and overall timescale involved, .overall together with arrangement of finance and long-term strategy for the job. Financial control documentation to members of the professional team and the client, followed by stage-to-stage indications of the actual pro-gress measured against the

original plan. On sife, PMI co-ordinates all aspects of the construction process and gives an effective design team and the contractor Finally, the group will take on responsibility for commissioning, testing and co-ordinating the

can also be organised. PMI is "watchdogging" more than 50 projects at the moment, The group has bases in the Middle East and Geneva but at The Hammond team provide home operates from a restored

Better value' aggregates federation

their memberships of four really on BRMCA and SAGA, trade associations in favour of which are against participation joining the British Construction and will continue to operate as Materials Industries which is separate entities. Members already opting to support BCMI have vested interests in sand and gravel and due to come into existence on The breakaway companies, with a collective clout of millions of pounds, include

FIVE MAJOR construction pro- bodies will merge into the new

ready-mixed concrete not a by the remaining organisations. The first five have for many years talked about a proposed better value for money and BSQF which, although at the members.

Swiss construction figures

The Associations feeling the THE SWISS construction in- adjusted fall of roughly five per pinch are ACMA (Asphalt and dustry's overall production cent, after a real increase of Coated Macadam Association), volume grew a nominal two per cent last year after a 14 per year. Association.

But the asphalt and quarrying. This represented an inflation (£1.37bn).

moment continue to function ducts suppliers have resigned organisation and the squeeze is autonomously, will become their memberships of four really on BRMCA and SAGA, totally absorbed into the new set-up.

> Director-general Robert Phillipson (formerly with the British Road Federa tion) has already taken up his post at 25, Lower Belgrave Street, London SW1 (also million tons away in volume ACMA headquarters) where, he terms from those represented promises, the new federation will "feed time, people and resources in a more professional framework" and offer better merger and found their initia - value for subscription money to tive supported by ACMA and the newly-acquired and future

five per cent in the previous

Total construction volume was cent growth in 1980, according SwFr 13bn (£3.68bn) in 1991, Association) and SAGA (Sand to the Swiss Masterbuilders' of which housing construction accounted for SwFr 4.84bn

Gibraltar link proposals

CONTRACTS for a preliminary economic feasibility study and neers and with an international to have hid for the tional consortium representing contract. French, Spanish and Moroccan

interests. The contracts awarded in Morocco are part of a series of studies investigating the feasibility of a link to join Spain with Morocco. It has been estimated that the cost of the project could be at least \$1.25bn (£694m).

● A : Dirhams 1m (£100,006) contract has been awarded to Freeman, Fox and Partners of London to provide designs for a possible bridge linking the ions for a suspension bridge. national consortium has been Gibraltar. awarded a Dirhams 2m (£200,000) contract for an

feasibility study and a design a study of alternatives for the contract for a fixed link to join link—including a bored tunnel, Europe and Africa at the Strait submerged tube, pontoon bridge of Gibraltar have been placed or causeway. About six interwith British consulting engi- national consortia are under-

> The consortium comprises two French companies, the Paris-based Société d'Etudes Techniques et Economiques (SETEC) and the Grenoble-based Société Grenobles Etudes Aqua Hydraulique (SOGREAH) as well as a Spanish and a Moroccan company. The contract for a feasibility study was awarded by the Rabat-based Société Nationale d'Etndes pour le Détroit.

A further study, this time for countries. This will involve the a rail only tunnel, is being identification of possible loca-carried out by the Madridtions for a suspension bridge. based Sociedid Estudios y Com-At the same time an inter- municaciones del Estrecho de

said the cost of the whole project was over S\$10m (£38.3m)

1984, it will be the largest building within the Chartered

Bank organisation worldwide.

THE CHARTERED BANK has

awarded a S\$115m (£29.4m) contract to two Japanese construction companies to build its

42-storey building in Singapore.

MARINE DEVELOPMENT of

Glasgow has secured a contract worth A\$4m (£2.3m) to build

a roll-on/roll-off terminal for

the Port of Darwin in Australia.

The ship-to-share bridge, using the company's Linkspan patent.

will be 85 metres long and will

UK CONTRACTS

OVERSEAS

when completed in early

INTERNATIONAL CONTRACTS

TWO JAPANESE construction companies have been given a 313m ringgit (£73m) contract to manager, Mr C. W. G. Endacott, build Malaysia's international commodities exchange building

The contract was signed between the Government-owned Urban Development Authority, and TAKENAKA KOMUTEN and KUMAGAI GUMI construction companies.

The Japanese won the con-

even though their price was £11m higher than a local contractor because of their superior building techniques, which UDA officials hope to pick up.

The building, comprising a five-storey podium block and a 33-storey tower block, is to be ready within 26 months, and will have a gross area of 1.6m sq ft. The whole international commodities exchange building, including land, piling and building is expected to cost 500m ringgit (£116.6m).

Recently, UDA entered into a be fabricated in Singapore.
partnership with the Kuok.
Brothers, a leading Malaysian LETTERS OF intent for Chinese group, to develop an area in the Kuala Lumpur "Golden Triangle" area for an international hotel, office and residential blocks costing close to 700m ringgit (£163.3m).

JAPAN DEVELOPMENT AND CONSTRUCTION COM-PANY (JDC) and HAZAMA-GUMI will construct the building under a new joint venture company, JDC/Hazama-Gumi. The building, to be erected on a 4,568 square metre site in Batery Road, will house the

HVCA not satisfied with Bournemouth answer

mouth to justify the award of of the equipment, a £2.4m contract to the subsidiary of a Dutch company for building services for the town's West Cliff Centre without invit-ing .competitive tenders from Association members and

some local ratepayers felt concerned about the circumstances equivalents—had no one con-leading up to the placing of the nected with the project been contract, which the HVCA able so far to identify its claims is contrary to the requirements of EEC Directive 71/305.

One of the highlights of the and may contravene the HVCA's list of "unusual cir-borough's own standing orders cumstances" leading up to the competition for work above a specified value — in Bournemouth Borough's case £4,000. The council says it awarded

the work to ADEC (Anglo Dutch Energy Conservation) on the recommendation of its appointed consultants, Module 2. Module 2 had specified he Dutch Gizon system for the heating, ventilation, air condi-

THE HEATING and Ventilating the entire new complex, and Contractors' Association Says it said that the sole UK agent is not satisfied with the reasons (ADEC) would have to undergiven by the Borough of Pourne-take the supply and installation

> accept that the 50-60-year truck could not stand up to competition from the Dutch-owned company and asks why—if the patented Gizon system was considered superior to British

tioning and water treatment for a 50 per cent cash advance is

The Association does not

record of several local members payments on all future fixed-

HVCA's list of "unusual cirplacing of the award concerns an advance cash payment to ADEC of £1,365m. Local secretary, Tony Ven-trella, claims this is "unheard

"Why was this money paid up front to a foreign-owned company when home-based contractors often have difficulty in getting paid by local authorities for work already completed?"

Mr Ventrella also asks: "If

justified in exchange for a fixed price, will the borough under-take to make similar advance price contracts involving HVCA

Bryant

construction Build for

members? " He has already asked the Secretary of State for Environment to look into Bournemouth Borough's handling of the ward procedure and has been told by Mr Heseltine's office to refer the circumstances Bournemouth's District

While awaiting a reply from the latter, Mr Ventrella has sent a letter to Mr Keith Lomas, the borough's chief executive and town clerk, in which the HVCA asks ten specific questions designed to clarify the affair. Mr Lomas told the FT that he had not received the letter but would comment on the Association's queries as soon as

he was able to do so. DEBORAH PICKERING

UK CONTRACTS

prices for the Post Office in expected to last some 31 years. Both sides are keeping full details under wraps for the next ment month or so.

AT IVYBRIDGE HOUSE, Adam Street, London, WC2, John Lelliott has commenced a form contract for Clerical, Medical and General Life Assurance alterations and repairs and internal refurbishment. A commercial development

involving the fitting out of five new linked buildings at Watling Court Cannon Street, London £200,000 worth of cement-mortar pipelining for the sea-EC4; is also under way for Midland Bank under a management fee contract valued at water cooling intake for the 500 MW extension to the Bombay Thermal Generating around £1m. At 26, Austin Friars, London EC2, Lelliott Station, just outside Bombay in . has won a £2m contract from India, have been received by Laing Investment Company to APE PIPELINING SERVICES. Partially demolish and rebuild

BOVIS CONSTRUCTION has a six-storey office and the re-won a contract to manage a construction of F. W. Wool-project worth £11,5m at current worth's store at 65-69. The Broadway, Wimbledon, London Central London. The job is SW19, commenced with a contract value around £900,000. The ground floor and base- ment Group). of Princes House, Gresham Street, London EC2, is to be stripped out and refur-

Lelliutt's specialised works division has won three London Society. The nine-storey build-ing: will undergo external gate, London EC2, the 17th-19th gate, London EC2, the 17th-19th for Banco Real, value £350,000; a £227,000 contract for the external and internal refurbishment of 72-74. Brewer Street. London W1; and refurbishment

> INDUSTRIAL AND office development work just won by Croudace Construction totals

of three floors of shops and

offices at 11-12, Gees Court, London W1, value £158,000.

involves a scheme at Gunnells Wood Road, Stevenage, where be divided into two for Stevenage Securities (part of the Wembley Project Manage-

The company will also construct a factory/warenouse which will provide 16 nursery bished in a £715,000 contract units. Funders for the scheme with Standard Life Assurance are the Universities Superannuation Scheme, agents Jones Lang Wootton, and architect Adamson Dines Associates,

> J. L. DEVELOPMENT SER-VICES (member of John Laing) is undertaking a £1.4m development as project manager for a new Co-op superstore at Christchurch, Dorset, on behalf of Co-operative Retail Services.

THE £2,64M Ampthill-Maulden bypass in Bedfordshire has been awarded to ROADWORKS (1952) the civil enginering division of East Anglian contractor more than £5.2m worth and Jackson Group.

This advertisement complies with the requirements of the Council of The Stock Exchange



Continental Illinois Overseas Finance Corporation N.V.

(incorporated with limited liability in the Netherlands Antilles)

Issue of U.S. \$100,000,000 153 per cent. Guaranteed Notes due March 1, 1989

> Unconditionally Guaranteed as to Payment of Principal. Premium, if any, and interest by

Continental Illinois Corporation

(Incorporated with limited liability in the State of Delaware)

The Issue price of the Notes is 100 per cent. of their principal amount. Interest will be payable annually in arrears beginning on March 1,1983.

The following have agreed to subscribe or procure subscribers for the Notes:-

Morgan Grenfell & Co. Limited

Bank of America International Limited

Bank Brussels Lambert N.V.

Bear, Stearns & Co. Deutsche Bank Aktiengesellschaft **Citicorp International Group**

Kidder, Peabody International Limited

Manufacturers Hanover Limited Merrill Lynch International & Co. Orion Royal Bank Limited

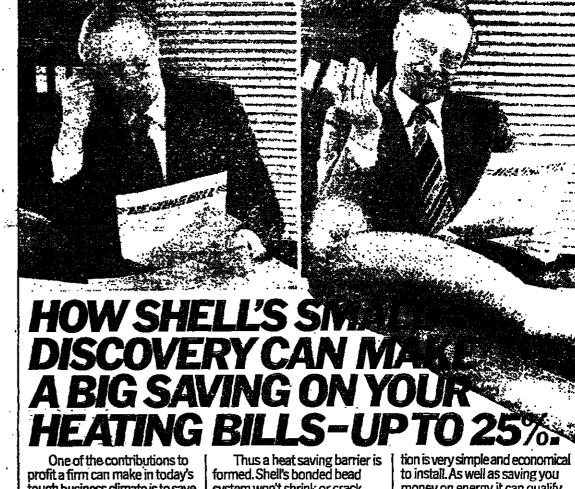
Shearson/American Express International Limited

S.G. Warburg & Co. Ltd.

The 20,000 Notes of \$1,000 and 8,000 Notes of \$10,000 each constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange.

Particulars of the Notes and the Company are available in the statistical services of Extel Statistical Services Limited and may be obtained during usual business hours up to and including March 12, 1982 from the brokers to the issue:

> Cazenove & Co., 12. Tokenhouse Yard, London EC2R 7AN



tough business climate is to save on heating bills.

Over a third of heat escapes through uninsulated cavity walls. But you can cut the loss and save up to 25% on heating bills with the help of Shell Dry Cavity Wall Insulation, the proven system.

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of adhesive bonds them together.

system won't shrink or crack, and the tiny pockets of air trapped between the beads enables the cavity to breathe and any moisture to drain away.

It retains this effectiveness whatever the weather, having been tested by independent research under every climatic extremethe British Isles can offer. Shell Dry Cavity Wall Insula-

money on energy, it can qualify you for valuable tax advantages. LIFETIME GUARANTEE
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Insulation system is guaranteed for the lifetime of the structure. To get full details on how to save on your company's heating

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ment on Derby (0332) 372883. Personal enquiry Business enquiry Riessetici)





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IV,

CONTRACTS AND TENDERS

COAL EXPORT TERMINAL: A REQUEST FOR LETTERS OF INTEREST FR DEVELOPERS.

New York City's proposed coal export terminal at Stapleton. Staten Island makes good economic sense. In fact, we believe the project's success will be virtually guaranteed by the economic advantages which the Port of New York offers.

- Deepest draft channel on the East or Gulf Coast—68, allowing ship sizes up to 260,000.
- Cheapest dredging costs on East or Gulf Coast—5150 million to deepen to 68' and minimal maintenance charges Shortest sailing time to Europe over major East and Gulf Coast coal ports: 1-4 days saved.
- Direct access from U.S. coal fields in Pennsylvania Ohio Kentucky, and West Virginia via
- Most efficient transport and handling operations: terminal designed for unit trains.

The City has already determined the general design of the project, which features a coarse-coal slurry pipeline system designed to move the coal across Staten Island. The entire system including the sturry pipeline, coal storage, rail terminal and loading pier will cost an estimated \$150 million and have a capacity of 20 million tons of coal per year. We intend to open the terminal by early 1986. The City has already contracted with engineering, environmental and urban design consultants. We are now seeking private development. groups willing to build, finance and operate the facility

The City requests Letters of Interest now from all potential developers and users. Each Letter of Interest should include: latest annual reports; a complete description of the firm and its subsidiaries; a discussion of the firm's strengths in coal, rail, shipping, construction or finance. and what role the firm would take in terminal development. operation and or use Companies may submit Letters of

interest individually or as joint ventures. Each participant in a joint venture must provide all of the items listed above. Letters of Interest should reach the Department of Ports and Terminals no later than April 2, 1982 All respondents will be kept informed of the project's prog-ress. Depending on the extent and type of response, the City may issue a formal Request for Proposals to qualified

INTERNATIONAL TENDER FOR THE PURCHASE

OF ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT

INVITATION NO. T-08/74

The provisional Military Government of Socialist Ethiopia, Ethiopian Transport Construction

Authority announces the release of an international

tender for the purchase of Road Construction and

A loan is available from the African Development Fund (A.D.F.) and interested bidders from

member countries and participating states of the

A.D.F. are requested to collect bid documents and

specifications during office hours from the Procurement Office, Room 106, of the Ethiopian Transport Construction Authority against payment of Birr 20.00 for each set of documents.

Bids will be opened in public in the Conference Room, 4th floor of the Ethiopian Transport Construction Authority headquarters building on

April 15, 1982, at 10.00 hours Addis Ababa time. The Authority reserves the right to reject any or

all bids that are not in conformity with all conditions and specifications mentioned in the

ETHIOPIAN TRANSPORT CONSTRUCTION

AUTHORITY

Tender for the supply

of spare parts for

Land Rovers, Series 111

The Crown Agents will shortly be calling for worldwide tenders on behalf of the Kenya Ministry of Transport and Communications for the supply of various items of spare parts for Land Rovers Series IIL

Agents in London, where they will be opened publicly on a date to be advised.

Should you wish to receive a set of tender documents, please apply in writing to the Crown Agents, 4 Millbank, Westminster, London SW1P 3JD, England, quoting reference BB4C/KENTRANSWB 2/013886.

Tenderers will be allowed to offer any or all of the spares, detailed in the tender documents, although individual

orders of less than £5000 are unlikely to be placed.

Tender documents will be returnable to the Crown

Maintenance Equipment.

developers who have submitted the Letters of Interest. Any firm having questions about the format of the Letter of Interest or wishing further information may contact the Department of Ports and Terminals of the City of New York.

> Armstrong, Project Director, New York City Department of Ports And Terminals, Battery Maritime Building, New York, New York 10004 (212) 248-8018

FROM THE GENERAL BIRECTORATE OF TURKISH STATE RAILWAYS (TCDD)

Sealed bids are invited to an international competitive bidding for the supply and installation of complete signalisation systems required by our administration for the (577 km) iskenderun-Divrigi railway line. The foreign payments of this project will be financed through the Saudi Fund for Development Loan:
The bidders assistant to participate in this bidding should note the following assistant to participate in the bidding should note the following assistant to the followin

- Only the bidders who are not within the scope of the boycott resolutions of the Kingdom of Saudi Arabia and the League of Arab States may participate in this bidding.
- The related bidding specifications are prepared in Turkish and in English and may be purchased from our Central Cash Office, Ankara at a cost of TL30,000 or the equivalent
- The sealed bids must reach or personally be submitted to the address of TCDD Isletmesi Genel Mudurlugu "Ozel Satinalma Komisyonu" Malżeme Dairesi Baskanligi, Gar-Ankara, Turkey, not later than 15.00 hours on Tuesday 7th September 1982. The bids reached after this date and delays in mail will not be taken into consideration.
- The bids must be submitted in three copies in Turkish or in English and the bid envelopes must be addressed to TCDD Isletmesi Genel Mudurlugu, "Ozel Satinalma Komisyonu" Malzeme Dairesi Baskanligi, Gar-Ankara, Turkey, and shall bear the subject title "Suudi Arabistan Kalkinma Fonu Kredisi/Iskenderun-Divrigi Demiryolu Hatti Sinyali-Zasyon Tesisleri Teklifidir."
- The bidders will also submit a bid bond at the rate of 2.5% of the total value together with their bids.
- TCDD reserves the right of making modification in the bidding specifications prior to the bid deadline.
- TCDD is completely free to withhold or to make the award in full or in part to any bidder of its free choice.

INTERNATIONAL TENDER FOR THE PURCHASE OF ROAD CONSTRUCTION EQUIPMENT

INVITATION NO. T-09/74

The provisional Military Government of Socialist Ethiopia, Ethiopian Transport Construction Authority announces the release of an international tender for the purchase of Road Construction and Transport Equipment. The Government has received a credit from the International Development Association toward the cost of the Addis Awash Overlay Project and intends to apply the proceeds of this credit to eligible payments under the contracts for which this invitation to Bid is issued. Interested Suppliers from member countries of the World Bank Switzerland and Taiwan are invited to collect Bid documents during office hours from the Procurement Office, Room 106, of the Ethiopian Transport Construction Authority against payment of Birr 20.00 for each set of

Bids will be opened in public in the Conference Room, 4th floor of the Ethiopian Transport Construction Authority headquarters building on April 1, 1982, 10.00 hours Addis Ababa time. The Authority reserves the right to reject any or all bids that are not in conformity with all conditions and specifications mentioned in the Bid Documents.

ETHIOPIAN TRANSPORT CONSTRUCTION

AUTHORITY

INTERNATIONAL BIDDING

Under the terms of a World Bank loan, the Port of Bar Working Organization (PBWO), Bar, Yugoslavia, invites bids for manufacture, delivery and erection of general and bulk cargo handling equipment comprising:

- For handling ores and coal, conveyor and control syste reclaimer and stacker units, and railway wagon loader. General — cargo-handling equipment consisting of two
- cranes of 20 c capacity each, and
 III Equipment for general maintenance workshop.

The final date for delivery and erection of all equipment is

Interested bidders may obtain the bidding documents from the PBWO at 81350 Bar, against payment of dinars 10,000 to the account no. 20130-601-14653 for Yugoslav bidders, or US dollars 350 to the account no. 20100-620-37-25730-421/25 for foreign bidders, at the Investiciona Banka - Udruzena Banka - Titograd, with indication RO Luka Bar - RZ " Izgradnja."

The closing date for submission is 10.00 hours on April 30 1982. Public opening of bids will take place on the same date at 11.00 hours at PBWO's office.

Bidders only from the IBRD member countries. Switzerland and Taiwan are invited to participate in this International Competitive Bidding.

ART GALLERIES

ROWSE & DARBY, 19. Cork St., W1 734 7984. T. BEHRENS - Recen

COMPANY NOTICE

THE COMPANIES ACTS 1948 TO 1988 NOTICE TO DISSENTING STOCKHOLDERS STOCKHOLDERS
Pursuant to Section 209 (1) of the
Companies Act 1948
In the matter of
TANKS CONSOLIDATED INVESTMENTS
Discretafor called "the transferor company" MATHAF GALLEPY, 32. Motromb Street, London, SW1. Tel. 235 0010. Specialists in 19th Century and Contemporary Palatings in Arabla. Notice by SOCIETE GENERALE HOLDINGS
S.A. bereinsfer called the transference Notice by SOCIETE GENERALE MOLDINGS
S.A. hereinafor called "the transferer
company" to the transferer
to all holders of ordinary stock units of
SCD each in the transferor company
represented by warrants to hearer.
WHEREAS on the 19th day of Dember,
1981 the bold'rs of the ordinary stock
units of SCD each in the transferor company on the basis of 4850p in cash for
pany on the basis of 4850p in cash for
pany on the threath day of February 1982
being a date within four morths of the
date of the making thereof such offer waapproved by the holders of not less
than nine broths in value of the said
ordinary stock drifts (other than stock
units already held at the date of the
offer by, or by a nominee for, tha
to the transfer the stock of the stock
of the transfer of the provisione conditions.

NOW THEREFORE the transferrer company in sursuance of the provisions of Section 1999 in the Provision of the Open Indiana. The Provision of the Open Indiana. The Provision of the Provision of the Provision of the Open Indiana of the Section of the Provision of the Provisio

for the transferee of Date—22nd February, 1982 LEUMI INTERNATIONAL INVESTMENTS N.V. US 120 MILLION GUARANTEED
FLOATING RATE NOTES "A" 1987
EXTENDIBLE AT THE HOLDERS
THE NOTES TO THE HOLDERS
THE INTERPRETATION TO 1996
Notes in research of Exhibit to the above Notes in research of the provide commencing 22nd february 1982 has been street 15,1% for annum, 1982 has been the interest amounting to US 584.68 per US \$1,000 principal amount of the Notes will be paid on Monday, 22nd August 1982 against presentation of Coupon No. 4.

SANK LEUMI TRUST COMPANY
OF NEW YORK
Principal Paying Agent

J. A. DEVENISH PLC NOTICE IN HEREBY GIVEN that the remainer Books of the 44% Redeemable electrons Stock 1981-86 and the 51% ampliable Professor Stock will be supported by the second of the

VECTORIA PALACE TNEATRE. Opens March 11 — Limbed Eason. Previews March 5-10. ELEABETH TAYLORS MAN. Advance Rox. office open 01-534 1317-8. 21-528 4735-6. Credit cards accepted. Group sales 379 5061. WAREHOUSE Donmar Thestre, Eartham St. Covent Gr. Box Office 335 6808.
ROYAL SIMALESPEARE COMPANY C. P. Taylor ton't 7.50 pm.
Next perf THE MAID'S TRAGEDY 24 feb. WESTMINSTER THEATRE, 834 9283.
March 2-27 Man Daily 2-15. Seets (3.50, 6.50, 1.8. PRIESTLY'S Mystery Thriller AN INSPECTOR CALLS. wystey family for the 01-839 6975.
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Whitchall's latest force Anyone For Denist by John Well S. Directed by Dick CLEMENT, MON-SAT EVES 8.15
pm. MAT SAT 5.00 pm. WYNDHAM'S \$ 836 3028, CC 379 6565, Group reductions 836 3962. COLIN BLAKELY, ROSENARY LEACH in ARTHUR MILLER'S ALL MY SONS. Directed by MICHAEL BLAKEMORE, MOD-F1 7.30, Set 4-30 8 8.00. Wed mat 2-30. YOUNG VIC (Waterloo). 928 6363. Mar 5 on. Eyes 7.30 MAT Sat 2.30 MASQUERADE in Workshop.

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Title
Video Software Show (01-886 2500) (until Feb 23)
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Oil, Gas, Petroleum and Process Plant Exhibition CurrentFeb 24-25 (01-637 8841)
Unit Load Show (01-908 2122)
International Light Show (0248 88396)
Hydramics and Pneumatics Exhibition (01-839 Feb 24-26 Feb 28-Mar 4 ... Mar 14 International Production Engineering and Produc Mar 2-6 ivity Exhibition and Conference (01-747 3131) National Glazing Exhibition (01-686 2599) Mar 4-7 Footwear and accessories show (01-739 2071) The Business Enterprise Show (01-636 3716) Mar 7-9 Mar 9-13 Mar 9-20 Mar 9-20 Mar 9-Apr 3 Mar 14-17

Mar 2-6 Mar 5-8 Mar 7-10

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NEC. Birmingham Olympia OVERSEAS TRADE FAIRS AND **EXHIBITIONS**

Enternational Rubber and Plastics Exhibition for Axia (01-839 5041)

Scandinavian Menswear Fair and Fashion Week (01-540 1101)

International Fair (01-734 0543)

Construction Indonesia '82 (01-486 1951)

Winter Sports Fashion Exhibition (01-439 3964)

International Fashion Trade Fair — IGEDO (01-409 0956)

International Agricultural Exhibition (01-439 3964);

Household Appliance Trade Fair (01-486 8686)

Brighter Homes and Do-It-Yourself Exhibition (Dublin 694022) Erankfurt

Sao Paulo

BUSINESS AND MANAGEMENT CONFERENCES

City University: Financial Futures Markets (01-920 0111) (01-920 0111)

The Economist: The World Market: protectionism or co-operation and expansion? (01-839 7000) ...

The Banker/OPC/LCCI: Growing Pains—Resolving the problems facing international Banks of establishing and developing a physical presence in the City of London (01-629 2483) ...

Don and Bradstreet: Fundamentals of credit management—for credit personnel and those concerned with trade debtors (01-247 4377)

FT Conference: The Fourth World Motor Conference (01-621 1355) ...

DIBC (UK): The credit analysis of international banks (01-788-5126) ...

LCCI: Conference on West Germany (01-248 4444) International Commercial Arbitration Symposium (08 231200) (08 231230)

AMR/Euromoney: Aerospace International Shipping Financing Energy Techniques (01-262 2732) Esomar: Profitable co-operation of manufacturers and retailers (020 444995)

Summit Conference and Exhibit Group: 5th Symposium on Crime in Business (04912 3675)

IPM: The Elements of Salary Administration (01-Mar 10-12 Mar 15-18 ... Institute of Credit Management: National Coninstraints of Cream management: National Conference (0990 23711)

FT Conference: European Pulp and Paper in the 80s (01-621 1355)

Institute of Marketing: Action for Recovery Conference (01-680 7525)

London Export Conferences: Nigeria—Future Programmes (0822 3577)
Institute of Marketing: National Conference (06285 24922)
University of Reading: Strategic Factors in the Growth of International Business (0734 85123) Mar 20 Oyez-IBC: European Symposium on the Candu Reactor (01-242 2481) Mar 22

Hyde Park Hotel, Wf Cannon Street, EC4

Albeny Hotel, Birming City Conference Centre, EC3 Cannon Street, EC4

London Press Centre

Churchill Hotel, W1 Hilton Hotel, W1

Finlandia Hall, Helsinki Hilton Hotel, W1 Churchill Hotel, Wi

Anyone vishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Financial Times Conferences

THE SEVENTH INDUSTRIAL RELATIONS CONFERENCE

London — 29 and 30 April, 1982

The Secretary of State for Employment The Rt Hon Norman Tebbit, MP will give the keynote address at this timely and topical conference. Other speakers will include The Rt Hon Mrs Shirley Williams, MP, speaking on behalf of the Social Democratic Party, Mr Jim Mortimer, the new General Secretary Labour Party and Mr Pat Lowry, Chairman of ACAS. Professor Sir John Wood will be in the Chair.

EUROPEAN PULP AND PAPER IN THE 80's Helsinki - 17 and 18 March, 1982

This conference will provide an opportunity to consider production costs and competitiveness in industry in North America and Scandinavia, the impact of currency rates and energy prices on pulp and paper. This section of the programme will feature papers by George Boyd, Research Analyst on the Pulp and Paper Industry, Kidder Peabody and Co Inc. New York: Professor Dr Pentti Kouri, New York University and Professor Dr Peter Odell, Economic Geography Institute, Erasmus Universiteit,

All enquiries should be addressed to: The Financial Times Limited

Conference Organisation Minster House, Arthur Street London ECAR 9AX

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	4134 2514 Avon Prod	241e 195e Enserole 195	451a 307a Jewel Cos	576 226 Pan. Am. Air. 224 46 304 Pan. Am. Air. 224 35 153 Par. Am. Pipe. 321s 35 153 Parker Drilling 165a 254 174; Parker Hanfn 185c 324 224 Pann Central 231a 354 215 Penney (C). 301s 574 355 Pennzoll. 454 104 7 Peoples Energy 74 59 271s Peoples Energy 354 354 167s Petric Stores 1978 2514 157s Petroisne 1978 2514 158s Petroisne 147s	493, 28 Tidewater 28 26 75 Tiger Intt 776 415 265 Time inc. 343 581 4014 Times Mirror 443 78 6211 Timken 5214 35 125 Tipperary 153 348 161 Tonks 247 2912 193 (Trans 275 2614 1712 Transamerica 2113 2814 1578 Transwoy 2114 2815 1578 Transwoy 2114 2815 1578 Transwoy 2114 2815 1578 Transwoyd 1614 5554 38 Travelers 4612	46 85 Moore Corp	5,150 2,570 Olivetti 2,568 5,550 2,235 Pirolii Co. 2,515 2,740 1,160 Pirolii Spa. 1,355 1,140 7,55,8ma Viscosa. 748 39,700.11,150 Toro Assic. 17,000 34,445 8,150 do. Pref. 15,999 AUSTRALIA 1981/82 Feb. 19 Price Aust. 8 4,60 5,55 ANZ Group 4,08	1,0201 728/Marts 881 1,9301 795/Matsushits 1,290 740 507/Mith Elec Works 550 595 398 M'bishi Corp 606 4891 209 M'bishi Circ 306 4891 209 M'bishi Ri Esst 445 3281 186/MH 236 398 390 Mitsui Co 319 6601 497/Mitsui Ri Esst 623 502 403/Mitsui Ri Est 623 502 403/Mitsui Ri Est 623 1,950 870 Mitsui Ri Est 623 1,95
. e 	2514 154 Berter 2514 2514 2514 2514 2514 2514 2514 2514	1919 8 ENVIRONZACIA 1495 5713 3658 ESMARK 14658 3443 1914 ESMARK 1914 2614 1448 EVANS Proces 1914 2615 1918 EX Cell O 1912 4079 2836 EXXON 2834 3514 20 FMC 2312 28 1214 Faberge 1534 918 512 Federal 00 2018 2658 1818 Federal Mogul 1938 124 Fed Nat. Mort. 738 5914 2414 Fed. Paper Brd. 1918 559 14 2744 Fed. Paper Brd. 1918 559 14 2744 Fed. Rasources 128 559 159 159 Fed. Dep. Stores 5918	42 256 Kennametal	481 ₇ 268 ₈ Pheirs Dodge 285 ₈ 141 ₄ 12 Phile Elect 157 ₈ 37 238 ₉ Philbro 24 551 ₈ 421 ₄ Phillips Morris 465 ₈ 581 ₈ 341 ₉ Phillips Pet 521 ₈ 451 ₈ 341 ₉ Phillips Pet 521 ₈ 451 ₈ 341 ₉ Phillips Pet 521 ₈ 451 ₈ 251 ₄ Phillips Pet 521 ₈ 352 ₈ 211 ₈ Phillips Pet 521 ₈ 352 ₄ 20 Phillips Pet 522 ₄ 352 ₄ 20 Phill	24 te 1775 Tri Continentai 1772 3034 1173, Tri Continentai 1212 1212 2834 1178 Tryler 2014 1515 1514 UAL 1649 1286 854 UMC India 915 6015	4154 31 Rio Algori 3654 32 2354 Royal Bank. 254 2274 1512 Royal Fusto A. 1519 1719 8 Scaptre Res. 854 7219 58 Seagram 6551 2855 1612 Shell can Oll 1655 4012 2575 Steel of Can A. 2614 2173 854 Feck B. 878 4518 2276 Texaco Canada. 2516 24 1812 Thomson News A 2514 2550 26% Toronto Dom Bk. 2715 2756 18 TransCan Pipe 2556 1514 177ans Mnth. Oll 913 2556 5 Utd. Sisco Mines 5,00	2.00 1.57 Ampol Pet	1,220 700 Nissan Motor 827 450 315 Nisshin Flour 345 226 142 Nisshin Steel 159 780 568 Nomura 540 379 279 NYK 282 1,770 970 Olympus 1,060 1,540 1,000 Orient 1,880 4,500 1,480 Ploneer 1,540 890 500 Renown 750
onces	1714 1272 Brockway Glass. 1354 35619 3512 Brown Forman B 2958 31 20 Brown & Sharb. 1619 377 2356 Brown & Sharb. 1619 377 2356 Brunswick. 1914 2758 1812 Brunswick 1914 2758 1812 Burington Ind 1875 3858 Burington Northu 1275 1572 Burndy 1752 3561 374 Burndy 3612 3612 3613 361	1514 See Frestone 1754 1514 See Frestone 1754 152 153 154 155 15	Solution Solution	2214 18th Pub. 8, Indiana	17 912 Unit Brinds. 1015 55 3134 Utd. Energy Res. 343: 5054 3734 US Fidelity G. 4212 3834 1016 US Home	3514 1419 Walker (H) Res. 145: 1514 114 "Westcoat Trans 121: 5814 3014 Weston (Geo) 35	16,75 8,34 BHP. 8,38 0,40 0,10 Brunswick Oil. 0,13 7,00 2,58 CRA. 2,65 7,50 3,28 CSR. 3,30 3,85 2,75 CastlemaineTys. 3,48 0,73 0,35 Cluff Oil (Aust) 0,66 0,52 0,23 De, Opts. 0,46 1,85 1,05 Cockburn Cemt. 1,28 2,73 2,18 Coles (GJ.) 2,16 3,00 1,45 Comalco. 1,45 4,70 1,90 Costain. 1,90 4,70 1,90 Costain. 1,90 4,75 2,85 Elder Smith GM. 4,00 0,93 4,75 2,85 Elder Smith GM. 4,00 0,90 Costain. 1,55 1,85 1,40 Gen Prop Trust. 1,55	279 251 Sapporo 255 86C 58C Sakasii Prefab 703 1,010 645 Sharp 838 941 791 Shizeldo 820 5,780 3,020 Sony 5,610 545 560 Stanloy 373 351 261 5 tomo Marine 291 750 535 Taihal Dangyo 580 289 198 Taisei Corp 263 774 530 Taisho Pharm 623 1,100 618 Takeda 1,000 5,490 3,050 TDK 4,060 270 238 Teijan 238 1,190 565 Teikoku 0ii 808 565 385 TSS 440
	211g 11 Campbell Red L 111g 351a 261a Campbell Tass 201z 451a 275a Campbell Tass 201z 451a 275a Canel Randolph 27 44 275a Canel Randolph 275a 251a 261a 261a Carliele Corp 275a 35 251a Carnation 291a 351a 531a Carnation 351a 261a 351a Carter Hawley 131a 48 Caterpillar 48 687a 515a Celanese Corp 211a 211a Centex 211a 21	251s. 157s Ford Motor. 178s 40 517s Foremost Mok. 353s 251s 183s Foster Wheeler. 133s 401s 183s Freshot McM. 185s 35 177s Freshot 171s 161s 83s GAF 101s 41 293s GATX 293s 4514 523s Gannet 541s 32 165s Geloo. 175s 4514 525s Gen Cinems 375s 49 21s Gen Cinems 375s 49 21s Gen Cinems 375s 49 21s Gen Cinems 375s	56 4112 Mac 5412 3973 3012 Mfcrsyllanover 51 2672 1574 Manville Corp. 1449 4452 2814 Marcon Oil 7313 4514 Marine Mid 2414 4532 8974 Marine Mid 2414 4514 1312 Marsh McLann 3778 4114 2914 Marsh McLann 3778 4114 2914 Marsh MtLa 1918 7612 2914 Marsh MtLa 3034 4514 8812 Marsh MtLa 3034 4514 8812 Marsh MtLa 3034 4514 8812 Marsh MtLa 3334 5434 8812 Marsh MtLa 3334 5518 Marsh MtLa 3334	451g 501e Rep of Texas 301e 183s 105s Reson Cottrell 117s 311e 133s Reson Cottrell 117s 315e 131s Revore Coper 125s 261s 131s Revore Copper 125s 501s 261s Revien 111s 301s 111s 31s	101g Vernitron 105g 101g Vernitron 105g 125g	1981/82 Feb. 19 Price	9.80	526 214 Toshiba 373 560 408 TOTO 410 495 390 Toyo Selkan 418 1,640 724 Toyota Motor 1,040 4,380 2,400 Victor 2,690 660 671 Wacoal 760 1,210 722 Yamaha 884 651 510 Yamazkia 561 578 237 Yasuda Fire 239 705 497 Yokogawa Edge 520
·	17 Cessna Aircraft 17 Cessna Aircraft 17 Champ Home Bild 297a 15a. Champ Int	4559 25 Gen instrument. 373s 3914 27 Gen Mills 371s 572s 3414 Gen Motors 343s 71s 4 Gen Motors 343s 51 323s Gen Signal 351s 34 243s Gen Talep Elec 28 183s Gen Talep Elec 193s 193s 193s Gen Talep Elec 193s 193s 193s 193s 193s 265 Genturine Parts 321s 171s Georgia Pac 3321s 251s Gerbas Prod 351s 251s Gerbas Prod 493s 251s	47s 15e Massey-Fergn 13e Massey-Fergn 13e 15fg 15fg Mass Multi-Corp 18de 15fg 15fg 15fg 16de 16de 16de 16de 16de 16de 16de 16de	49 261e Rolm	3116 1312 Westin, Nth. Amr. 1516 3324 2216 Westinghouse. 2116 40 2416 Westwace 2116 40 2416 Westwace 2116 40 2416 Westwace 2116 40 2416 Westwace 2116 2316 2316 Whiteher 2316 2316 2316 Whiteher 2316 2316 2316 Whiteher 2316 2316 Whiteher 2316 2316 Whiteher 33116 331	212 143.5 BMW. 212 285 201 Brown Severt. 224.5 145.5 122.5 Commerzbank. 137.5 67.8 40.5 Conti Gummi 46.8 261. 263.5 Daimier-Banz. 295 284.5 227.5 Degussa. 246 167 127.0 Demag 136 218 170.0 D'sche Babcock. 208 297 261 Deutsche Bank. 270.5 160.5 125.5 DU Schult. 161.5 180 123.5 DP Schult. 161.5 180 123.5 DP Schult. 192 77.9 54.6 Hapag Lloyd. 67 129 110 Hocchst 115.1 27.8 17.0 Hocchst 115.1 27.8 17.0 Hocsch. 424 450 268.5 Holzmann (P 418	4.15 2.25 North Bkn Hill	1981/82 Feb. 19 Price Rand 4.55 2.80 Abercom 4.10 10 7.40 AE & Cl 9.8 18.45 14.40 Anglo Am 50 Al. 133.0 85.5 Anglo Am Gold 85.5 3.85 1.00 Anglo Am Prop. 5.3 11.21 8.10 Barlow Rand 10.20 57.25 34.05 Buffels 57.5 8 4.85 GNA Invest 7.5 3.05 1.90 Currle Finance 2.55 10.90 8.50 De Beers 8.45
	. =	28 1666 Giddina Lewis 1936 3516 2714 Gillette 3216 3516 1114 Global Marine 1672 1874 1884 Goodrich (BP) 1976	394a 294g Madia Geni + 367a 367a 367a 367a 367a 367a 367a 367a	5714 3434 Safeway Stores 2636 5718 St. Paul Cos 2734 428 27 St. Regis Paper 2714 35 Santa Fe Inds 1514 Saxon Indus 418 2518 Schering Plough 2619	2714 1619 Woolworth 165a 421a 511a Wrigley 75a 1614 74 Wyly 75a 657a 565a Xerox 365a 2114 157a Yellow Frt Sys 157a 364a 221a Zapata 221a 2114 101a Zenith Radio 155a AUSTRIA	280.5 160.5 Kell und Salz	1.14 0.70 Waltons Bond 0.70 5.90 3.46 Western Minling. 3.57 3.35 0.91 Woodside Petrol. 0.93 2.30 1.53 Woolworths 1.53 4.30 2.30 Wormald Intl 2.35 SINGAPORE 1981/82 Feb. 19 Price High Low Boustead Shd 2.30 5.40 2.98 Cold Storage 4.04 9.85 5.90 DBS. 8.00	65.00 35.25 FS Geduld
	NEW YORK Fab. Feb. Feb.	Feb. Feb. 1981-82 Since Cmpil't'n 12 11 High Low High Low Low Since Cmpil't'n 25.51 854.57 1024.05 824.01 1051.70 41.22 (27.6) 56.78 65.78 65.78 84.81 (151/157) (11/10) (11/10) (151/15) (151/1	Feb. 19 18 AUSTRALIA AII Ord. (1/1/80) 588.5 588.8 AUSTRIA Oracitt Aktien (2/1/82) 54.85 54.70 BELGIUM Belgian SE (51/12/85) 57.21 98.51	Feb. Feb. 1981-82 17 16 High Low 506.8 511.8 767.5 (8/4) 506.8 (17/2/22) 565.0 (17/2/22) 54.65 54.87 66.45 (5/1/81) 55.84 (15/18) 68.55 86.25 88.32 (19/2/82) 69.55 (16/6)	High Low 2 2 2 2 2 2 2 2 2	386 258 Rosenthal 258 311 219.5 Schering 287 269.0 192.8 Siemens 217.8 79.9 57.7 Thyseen 79.2 210 161.5 Verta 179.7 145.2 120.2 Vera 137 286.0 258 Vereit-West 278 180.0 119.5 Volkswagen 148 FRANCE 1981.82 Feb. 19 Price High Low Fra.	7:50 4.64 Fraser & Neave	Financial Rand US\$6.75\((Discount of 26\) \(\frac{2}{3}\) \(\frac{2}\) \(\frac{2}\) \(\frac{2}{3}\) \(\frac{2}{3}\) \(\frac{2}{3}\) \(
Jornatield -	eDay's high 833.33, low 818.59 Ind. div. yield % Feb. 12 6.66 STANDARD AND POORS Feb. Feb. Feb. 17 18 17 18	Feb. 5. Jan. 29 Year ago (approx 6.50 6.55 5.87	DENMARK Copenhagen SE (1/1/78) 125.22 124.85 FRANCE CAG General (29/12/61) 104.5 104.4 Ind Tendance (51/12/61) 124.9 125.1 GERMANY FAZ-Aktien (61/12/68) 228.81 227.48 Commerzbank(Dec1955) 697.2 695.2 HOLLAND ANP-CBS General (1870) 58.7 86.5 ANP-CBS Indust (1976) 58.7 86.7	188.4 88.4 112.5 (17/8) 77.5 (15/8) 122.4 121.8 124.0 (18/2/92) 97.7 (4/1/92)	1,384 840 ARBED 1,238 5,000 3,700 Bank int A Lux 5,950 1,900 890 Beksert B 1,900 1,640 816 Ciment CBR 1,605 206 115 Cockerill 172 2,050 1,158 EBES 2,010 4,380 2,355 Electrobal 4,380 2,800 2,350 Fabrique Nat 2,575 2,560 2,350 G.B. inno 2,435 1,585 900 GBL (Brux L) 1,320 2,995 2,050 Hoboken 2,995 1,555 914 Intercom 1,555 5,090 3,318 Kredletbank 5,010 6,350 4,005 Pan Hidgs 5,780	8,925 1,635 Emprunt 4,2 1875 1,700 10,950 5,700 Emprunt 7g 1875, 6,250 5,239 2,580 CNE 6% 5,239 370 Air Liquide 503 212.5 98,8 Acquitaine 151.1 147.5 98,8 Acquitaine 460 220 85.6 Bang Rothschild 199.8 65.6 Bang Rothschild 199.8 1,184 537.0 Bouygues 1,246 1,898 1,502 Carrefour 1,464 1,898 1,502 Carrefour 556 533 340 CFAO 623 496.5 252 CGE 996.5	248 188 AGA	10.10' 4.55 Unip PE
	Ind. div. yield \$ Fab. 17 Ind. PiE Ratio 7,66 Long Gov. Bond yield 13,93 NY. S.E. ALL COMMON 1981 82	Feb. 10 Feb. 5 Year ago (approx 5.74 5.54 4.67 7.73 7.86 9.11 14.53 14.15 12.68 Rises and Fajis, Fob. 19 Feb. 16 Feb. 17	Hang Seng Bank (61/7/84 1280.82 1267.84 ITALY Banca Comm Hal. (1872) 198.55 194.84 JAPAN** Dow Average (18/8/45) 7715.51 7885.79 Tokyo New SE (471/88) 570.87 569.55 NORWAY Oslo SE (1/1/72) 128.88 129.75	191,55 188,64 292,05 (5/6) 199,44 (24/7) 1844,787,7883,92 9018,14 (17/8) 6956,52 (15/6)		403 153 CSF (Thomson) 288,5 281,9 344,8 154,0 108,1 Corimeg 117,0 256,5 109,1 COF 286,5 243,2 90,5 CFP 131,5 52,2 27,4 DNEL 49,0 1,565 760 Dumez 1,271 518 401 Gen, Occidental 424 120 65 imetal 92,2 376,0 399 1,700 1,655 Lagrand 1,659	590: 215 Skandla	Israel Electric Con, — — —
	Industrials 259,54 290,51 Combined 274,86 274,72 TORONTO Composite 1892,8 1685.1	Falls 870 713 716 5 Unchanged 429 453 460 10 New Highs 12 14 19 New Lows 122 94 84 Feb. Feb. 1981-82 Feb. Feb. 1981-82 Feb. Feb. 1981-82 Feb. Feb. 1981-82 Feb. 17 15 High Low 251.12 288.27 488.56 (276) 289.27 (18/2/82) 274.37 273.50 (18/2/82) 275.50 (18/2/82) 1688.5 (18/2/82)	SOUTH AFRICA Gold (1968) — 488.1 Industrial (1868) — 787.9 SPAIN Madrid SE (58/12/81) — 184.51 SWEDEN Jacobson & P. (1/1/68) 805.74 SWITZERLAND SWISSBENKGPA (81/12/68) 944.7 WORLD	498_4	1981/89 Feb. 19 Price High Low % 185.0 115.2 Andelsbanken 125 888 \$12.6 Ealtica Skand \$85.4 140 118.4 CopHandelsbank140 2328.6 J. Sukkerfab \$70.4 140 115.4 Danske Bank 140.0 175.4 110.2 Eart Asiatic 128.6 646 406 Forenede Brygg 552 442 240.0 Forenede Damp, 437 280 185 GNT Hidg 1275 287.5 164.4 Jyske Bank 191	60.3 35.4 Machines Bull. 34.9 2.400 867 508 Michelin B. 769 682 877.8 Moet-Hennessy. 682 84.0 49.5 Moutinex 662 61 25.7 62.8 Paribas 25.7 238 Perior 25.7 25.7 258 Perior 190.0 194 112 Paugent SA 190.0 294.1 175.5 Radiotech 294.1 973 440 Radouze 893	1,320, 970:Ciba-Geigy	Clai Israel Invest. 732 + 52 Discount Invest. 830 - 30 Commercial and Industriet Diead Sea Works
	Chair, Friday Stocke Claring on traded price day ATT	stocks closing on traded price day Phillips Patrint 512,100 3312 114	(**) Sat Feb 13: Japa Base setues of all Indiose are 100 500: NYSE All Comon—50: Standern	المستوار وبالمستهان ومستجره ويوري	1.580.0 137.4 NORT Kabel	125,8: 45,8:Rhone-Poulane122,3 353	285 235 Schindler (PtCts) 238 736 612 Swisspir 643 395 291 Swiss Bank 291 7,425 6,850 Swiss Rensco 6,000 1,825 830 Swiss Rensco 6,000 4,025 2,765 Union Bank 2,870 12,820 2,050 Winterthur 2,080 14,800 6,675 Zurich Ins. 14,800	NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded pieces. S Dealings

CURRENCIES, MONEY and GOLD Companies

MONEY MARKETS

Signs of optimism

A slightly more optimistic cause problems for the Administration.

In Europe rates were steadier, during a week when credit conjecture that the upward trend ditions tended to tighten. Tax n U.S. interest rates may not payments failed to have much in U.S. interest rates may not be sustained. Three-month impact on call money in Frank-fundollars nudged 17 per cent on Monday, following yet another disappointing set of U.S. money supply figures, but fell sharply to 15; per cent on Friday, compared with 16; per liquidity pushed Amsterdam call money in Frank-funt, which remained slightly above the 10 per cent level throughout. Disappointment at the size of Dutch central bank quota for supplying market liquidity pushed Amsterdam call money in Frank-funt, which remained slightly above the 10 per cent level throughout. cent at the end of the previous

Bank prime lending rates rose dependent to 17 per cent on Wednesday, but then the market seemed to reassess the

FT LONDON

bid 15 11/18

bid 15 11/18

INTERBANK FIXING

he fixing rates (Feb. 19) are the arthmetic means, rounded to the beerest one-shreamth, of the bid and offered rates for SiOm quoted by the market to five reference banks at 11 am each working day. The benks are National Westmeater Bank, Bank of Tokyo, Davische Bank, Banqua Nationel de Paris and Morgen Guaranty Trust.

offer 15 15/16

offer 15 13/16

money to 103 per cent on Tues-day, but the announcement of a special advance brought the rate back to around 10 per cent

by Friday. Paris call money fell to 14 per cent on Tuesday, the lowest level since May, but then started to situation as figures on industrial production, factory use, and housing starts provided more proof, if needed, that the U.S. Friday as banks made monthly economy is in recession, and reserve payments. Indications further credit tightening could that the rise may be short-lived

BANK OF	ENGLA	AD TR	EASURY	BILL	TENDE	R
	Feb. 19	Feb. 12	i	Fe	b. 19 Fel), 12
Bills on offer".	£100m	C100m	Ton accepted			

;	Feb. 19	Feb. 12	!!!	Feb. 19	Feb. 12
Bills on offer"			Top accepted rate of discount	13,61733	13,8179%
Minimum	£100m	£100m	rate of discounti	13.6173% 14.10%	13.7844% 14.27%
Allotment at minimum level		£96.565.	Amount on offer at next tender	£100 m	£100m
*91 day bill is all		6.59			

COLIN MILLHAM

were reinforced by a cut in the Bank of France moneymarket intervention rate to 141 per cent from 141 per cent for a purchase of FFr 19bn of first category

discount houses buying rates for eligible bills eased to 13; per Fears about U.S. trends were behind a rise to 143 per cent in three-month London interaverage rate of discount at the Treasury bill tender fell to 13.6173 per cent from 13.7844 per bank money at the beginning of the week, but it fell back to

WEEKLY CHANGE IN WORLD INTEREST RATES

•	LONDON	Feb. 19	change		Feb. 19	cheng
i L	Base rates 7 day interbank Transury Bill Tender Band 1 Bills	14 144-143 ₈ 144-145e 15.6173 137 ₈	+ 16 - 65 + 0,1671	NEW YORK Prime rates Federal funds 3 mth Treasury Bills 6 Mth. Treasury Bills	17 14-144 13.40 13.64 15.10	+ ½ -7g 0,78 0,32 0,45
ì	Bank 1 cills Band 2 Bills Band 5 Bills 3 Mth. Treasury Bills 1 Mth. Bank Bills 3 Mth. Bank Bills	13 3 13 4 13 4 13 6 13 78 13 2 13 3	Unch'd Unch'd 	FRANKFUKT Special Lombard		Unch' -0,02 +0,02
•	TOKYO One month Bills Three month Bills	6.71875 6.59376	Unch'd Unch'd	PARIS Intervention Rate 1 Mth. Interbank Three month	141g 1414 143g	1s 1s 1s
•	BRUSSELS One month Three month	141 ₉ 15	Unch'd	MILAN	2059 21 15	_1 ,
	AMSTERDAM One month Three month	10 % 10 %				ig

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying o selling rates with the money market. In other centres rates are generally depositrates to the domestic money market, and their respective changes during the week. * Band 4 (64-91 days) 13%.

THE DOLLAR SPOT AND FORWARD

Nethind. 2,5840-2,5950 2,5920-2,5990 1,15-1,05c pm 5,45 Belgium 40,22-20,40 40,33-40,40 5-9c dis -2,08 21-28 dis -2,23 Denmark 7,7300-7,7675 7,7400-7,7500 0,85-0,50cre pm V. Ger. 2,3550-2,3690 2,3640-2,3550 1,05-1,00pf pm 5,20 3,15-3,10 pm 5,29 Total 100,70-161,25 100,90-101,00 5c pm-5 dis -7,88 50-185 dis -6,86 Spain 100,70-161,25 100,90-101,00 5c pm-5 dis -7,88 50-185 dis -6,86 Spain 100,70-161,25 100,90-101,00 5c pm-5 dis -7,88 50-185 dis -6,86 Spain 100,70-161,25 100,90-101,00 5c pm-5 dis -7,88 50-185 dis -6,86 Norway 5,8300-5,9450 5,9350-5,9450 2,00-1,90crd pm 3,94 3,40-3,20 pm 2,22 France 5,975-6,0300 6,0150-6,0200 7,00-55c pm 1,26 0,95-6,65 pm 0,53 Sweden 5,7390-5,7570 5,7400-5,7500 0,80-0,65ors pm 1,51 3,30-3,15 pm 2,24 Japan 22,75-233.75 233,20-233.30 1,95-1,80y pm 9,85 5,85-5,70 pm 9,90 Austria 16,53½-16,63 16,55-16,58 9,90-8,80grd pm 7,15 3,42-3,22 pm 7,15 t UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the Individual currency.

THE POUND SPOT AND FORWARD

\$\frac{1.8500-1.8615}{2.2450-2.2550}\$
\$\frac{1.8500-1.8615}{2.2450-2.2550}\$
\$\frac{2.2450-2.2550}{4.79-4.83}\$
\$\frac{4.807-4.811}{4.807-4.811}\$
\$\frac{7.450-75.00}{7.4.807-4.90}\$
\$\frac{1.450-1.2485}{1.2430-1.2450}\$
\$\frac{1.2430-1.2450}{1.2430-1.2450}\$
\$\frac{4.367-4.407}{4.38-4.39}\$
\$\frac{1.2430-1.2450}{1.2630-1.2450}\$
\$\frac{1.243

\$pot 1.8540 k 4.3850 Franc 11.1525

40.7572 7.91117 2.40969 6.17443 2.66382

CURRENCY MOVEMENTS!

Belgian Franc ...
Danish Krong ...
German D-Mark
Franch Franc ...
Dutch Guilder ...

Beignan rate is for convertible francs. Financial franc 83.40-83.50. Six-month forward dollar 1.05-1.15c dis. 12-month 1.70-1.90c dis.

FORWARD RATES AGAINST STERLING

EMS EUROPEAN CURRENCY UNIT RATES

41,7330 8,03970 2,45047 6,22268 2,68573 0,695828

1308.04 Changes are for ECU, therefore positive change denotes weak currency. Adjustment calculated by Financial Time

Sterling/ECU rate for February 19 0.558278

1 month 3 month 6 month 1.850 1.8605 4.3700 4.3425 4.2951 11.1500 11.2423 3.4788 3.4438 3.4008

+1.21 +0.44 +0.50 -0.40 -0.36

CURRENCY RATES

| Bank Special | European rate | Drawing | Gurrency % | Rights | Unit

±1.5368 ±1.8412 ±1.1077 ±1.3733

±1.5063 ±1.6688 ±4.1229

-1.29 0.60-0.70dis -1.40 2.81 1.05-0.85 pm 2.55 1.04 0.16-0.12 pm 0.48

p.a. months

-1.29 0.00-0.70dis
-0.27 0.40-0.55dis
3.43 5-4½ pm
-7.69 95-125 dis
-0.52 4-5½ dis
-3.95 1.12-1.32dis
4.10 4½-4 pm
-9.46 135-396 dis
-1.60 55-35 dis
-6.67 39-42 dis
-2.32 2½-1½ pm
-0.13 2½-3½ dis
-0.42 7½-1 pm
7.49 3.45-3.05 pm
5.28 42-35 pm

1.8500-1.8815 1.8530-1.8550 0.15-0.25c dis 1.4865-1.4940 1.4865-1.4885 0.40-0.30c pm 1.2135-1.2147 1.2140-1.2145 0.12-0.09c pm

LONDON MONEY RATES

Feb. 19 -1982	Starling Certificate of deposit	interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company	Discount Market Deposits	Treasury Bills o	Eligible Bank Bilis 🕈	Fine Trade Bills o
Overnight		14-1512				1412-1458	131 ₂ -141 ₄		_	
2 days notice		ند — ا	144-145	i i	~	ı –		l —	- 1	_
7 days or		- 1			_	I — '	1 '		_	_
7 days notice	_	1446-1459	1412	, <u> </u>		1454-1478	14-1416	! ;	- 1	! –
One month	1412-1448	14.2 14.2	1412	, 147g-145g	1476	143,	14	13第-1378	157a-1538	1434
Two months	1412 1438	14 142		1478-1412	14 ¹ 2	1434	134-137e	135	134	1434
Three months.	141, 141,	14 145	14 %	1479-1419	145g	147a	1359-134		1334	144
Six months	1416 1416	14,5-1458	141	137a-135a	1452				1304	14
	14 14 14 1	14 1450	- 110	145a-145a	1458					
	14, 14,	14 - 146	14%	1412-144	1458		_ = :	=	{	
Two years		-116-9140	14%			1 🖸	1 = 1	l. 🗀 l	(
HO FORIS			7.8							

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14½ per cent: four years 15 per cent; five years 15½ per cent. Describe the page of the page of the per cent. The per cent is the per cent of the per cent of

. Finance Houses Base Retoe (published by the Finance Houses Association) 15½ per cent from February ring Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending . Treasury Bills: Average tender rates of discount 13,6173 per cent. Certificates of Tax Deposits (Series 5) 14½ per cent from February 16. Deposits withdrawn for each 11 p

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 19	Sterling	U.S. Dollar	Genadian Dollar	Dutch Guilder		West German Mark	French Franc	Italian Lira	Beigian Franc Convertible	Јаралеве Ус
Short term	1414-1412	141 ₂ .145 ₄	10-11	10-101s	2-2 k	912-958	14-1436	18-20	14-16	47 ₃ -51 ₈
	1419-1459	147 ₈ .161 ₈	10-11	10-101a	1414-1412	914-911	14-1436	191 ₂ -213 ₄	18-20	53 ₆ -55 ₆
	1412-1412	151 ₄ 161 ₂	145 ₈ -15	10-101s	712-753	915-1015	14-1436	205 ₈ -215 ₈	20-211 ₂	51 6 -61 ₈
	1413-1413	153 ₂ .165 ₈	151 ₈ -151 ₂	10-1014	815 814	1016-1016	15-1538	21-215 ₈	1914-201 ₄	614-63 ₉
	1412-1458	151 ₂ .165 ₄	155 ₅ -16	101s-1014	856-852	1018-1016	16-1636	215 ₈ -22	181 ₂ -191 ₂	618-618
	1412-1416	161 ₂ .165 ₄	15-163 ₈	1014-102s	814-836	1016-1076	1659-17	22-227 ₈	18-19	67 ₈ -7

CURRENCIES AND GOLD

Dollar weaker

The dollar weakened towards reaction to the lower trend in U.S. interest rates. On previous days the dollar suffered some profit taking after its recent advance, but there was a long weekend holiday in the U.S. and the market feared an adverse reaction to more had money supply figures. This tended to underpin the U.S. currency, which only showed a sustained railer only slowed a sistance fall from late Thursday. Higher prime rates were countered by a sharp fall in Eurodollar rates, and by Friday trading had wound down ahead of the next of the money supply forms. and by Friday trading nad anead of the butter guider. The wound down shead of the next Irish punt was steady, despite set of money supply figures, the General Election, while the which some optimists hoped might show a fall of Son on weakest EMS member, but well the M1 bosis, although others were prepared for a small

in terms of the Swiss franc; and Belgium the end of last week as a to Y233.25 from Y238.25 against the Japanese yen. Sterling's index was again

very steady, fruishing unchanged at 91.6. The pound rose to \$1.8540 from \$1.8400 against the dollar, but fell to DM 4.3850 from DM 4.39; to SwFr 3.4950 from SwFr 3.52; and to V423.50 from DM 4.39; to SWF 3.4950 from SWFr 3.52; and to Y432.50 from Y438. On the other hand it rose to FFr 11.1525 from FFr 11.1125. European Monetary System

currencies traded quietly, with the top of the system. slightly ahead of the Dutch guilder. The within its divergence limit.
Gold fell \$111 to \$367-368, its

worst closing level since September 1979. It touched a low of \$366.367 on Thursday following reports that the Soviet On Rank of England Scures September 1979. It touched a the dollar's trade-weighted index low of \$366-367 on Thursday fell to 111.9 from 112.7, after following reports that the Soviet touching a peak of 113.4. The Union had sold gold in Zurich. U.S. currency declined to Poor harvests, resulting in foreign grain purchases, and against the D-mark; to Poland's economic problems may Fir 60175 from FFr 60425 have forced Soviet gold sales against the French franc; to despite the relatively low price SwFr 18030 from SwFr 19125 of the metal at present. Union had sold gold in Zurich. Poor harvests, resulting in foreign grain purchases, and

GOLD

Feb. 19	ē	5		f Note Rates
OTHER CU	IRRENCII	ES		
Foreigns. Foreig	×106 107 ×106 107 ×68 98 ×455 458	(£4812-4831) (£5714-5731) (£5714-5731) (£4712-531 (£24512-24714) (£37012-2731)	89019-91 8106-107 8106-108 888-98 8458-460 8359-362 8502-507	(£49.49 (4) (£571-58) (£571-58) (£47-55) (£48.249 (4) (£1941-196) (£272.2741-1
trinerrand, Armorrand, Armorrand	53781- 3791 ₃	(£551-54) (£211-2219) (£2041-2041)	\$381-382 \$198-199 \$101-102 \$40-41 \$388-385	(£2061207) (£10714-10734) (£5434-5514) (£2134-2214) (£207 2071 ₂)
	Gold	d Coins		
Opening	5367-368 5367-1-3683 ₁ 5368,75 5369,25	:£198-1981; (£1981;-1985; (£198,798; (£188,949)	1836914-37014 1837412-37512 18367,50 18369,25	(\$2001 ₂ -201) (\$20314-2033 ₄) (\$199.371) (\$200,570)
	Gel	id Buillon (fine ou	rce1	

Feb. 19	<u> </u>		<u>.</u>	L Note Rate
Argentina Peso	18,586 18,606	10,000 IO,05°1	Austria	30,60-51,9
Australia Dollar	1.7120 1,7140	0.9240 0.9245	: Balgıum	82,60-83,6
Brazil Cruzeiro	257.14 .58,14	148.36-139,05	Denmark	14,30 14,4
Finland Markka	8,311 8,326	4,4900 4,4920	France	11,09-11.1
Greck Drachma	110,914-114,510	60.70.60,90	Germ vay	4,361, 4,40
Hong Kong Dollar	10.096-10.916	2.69.70-2.6920	Italy	2820 2375
Iran Rial		81.60	Jepan	• 432 437
Kuwait Dinari KD:	0.524 0,530	0.2845 0.2847	. Notherlands	4.78:: 4.82
Luxembourg Fr	74,80.74.90	40.3840.40	Norway	10,98-11.0
Majavara Dollar	4.2720 4.2820	2.3080-2.3110	Portugal	123113
New Zealand Dir.	.2,3345-2,5385	1,2600 I,2610	Spain	183:193
Saudi Arab, Rivai	6.31-6,37	3,4195 5,4215	Sweden	10.64 10.74
Signapore Dollar.	3.8925-3.9025	2.1030-2.1050	Switzerland	3.47 4.3.51
Sth. African Rand	1.8105 1.8125	0.9765-0.9775	United States	1.84:1.86
U.A.E. Dirham	6.78-6.84	3.6715-3.6735	Yugosiavia	94.99

Australia Dollar 1.71	20 1,7140 0,924	40 0,9245 : B	algrummurgle	82,60-83,60				<u>- 1 . </u>	> }	Algmis; Uni
Finland Markka 8.3 Greek Drachma 110. Hong Kong Dollar. 10. Iran Rial	314-114-319 60. 096-10.316 5.887 (49.80** 24 0.530 0.28 80.74.90 40. 20 4.2820 2.330 45-2.3385 1,261 31 6.37 [3.418 25-3.9025 2.103 05 1,8125 0,976	00 4.4920 F 70 50.90 G 70 5.8920 N 81.60° Ji 45 0.2847 N 80 2.3110 P 90 1.2610 S 90 2.1510 S 10 2.1050 S 10 2.1050 S	rance	14,30.14,44 11,09.11.19 4,36; 4,40; 2520.2575 4,78; 4,52; 10,98.11.08 125; 131 183;;193 10,64.10.74 3,47; 3,51; 1,84;-1,86; 94.99	Austrian s Seignan fr Danish kro Deutsche Swiss fran Guilder Franch fra Lirz Yen mann	dollar	1.6 -32.5 1.9 +4.7 7.9 -17.7 5.9 +24.0 4.0 +7.1 5.5 -11.9 0.9 +43.0 2.6 -104.6 3.7 +19.3 9.4 -15.2 9.1 -57.7 9.7 +35.5	Avstrie S Belgian F Danish K D mark Guilder French F Lira Yen Norwan Spanish	12 1. 8.14.74 1. 6h. 65 1.6 14 49 7. 11 8. 7. 2. 8.2 2. 7. 9.6 6. 19 14 Kr. 9 6. Pts. 8 1	8.8258 17.14 5.7664 41.73 46041 8.039 68107 2.450 94423 2.685 81550 6.22 134.04 1308 55.777 241.0 75639 6.180 14.774 104.2
EXCHANGE C		TES			Bank of E	a agreement C agland index	consist, 1971 (hees arrange	Swiss Fr. Greek Dr		54211 5,968 13690 1,948 —
Feb. 19	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenghFrano	Swiss Franc	Dutch Gulid'	italian Lira	Canadia Do	ilar Belgian Fr
Pound Sterling U.S. Dollar	0,539	1.854 I.	4.385 2,365	432,5 283,3	11.153 6,015	3,495 1,865	4,810 2,594	2389, 1261,	2,254 1,215	74,85 40,37
Deutschemark Japanese Yen 1,000	0,228 2,312	0.423 4.287	1. 10.14	98,53 1000,	2,543 25.79	0,797 8,081	1.097 11.12	535,3 • 5407.	0,514 5,210	17.07 173,1
French Franc 10 Swiss Franc	0,897 0,286	1.662 0.530	5,932 1,255	387.8 123.7	10, 3,191	3.134 1.	4,315 1,376	2097. 659,1	2,021 0,645	67,11 21,42
Dutch Guilder Italian Lira 1,000	0,208 0,428	0,385 0,793	0.912 1,875	89,92 184,9	2.319 4,769	0.727 1,495	1. 2.057	486,2 1000,	0.469 0.964	15.56 32.01
Canadian Dollar										

RECENT ISSUES **EQUITIES**

lásue price	200	1.00 S	1981/2		Stock	Glosing Price P	<u> </u>	e a	or o	티
P	25 P	18 E	Hlgh	Low	ULGOR .	850	_	2 2	- 9 6 5	<u> </u>
\$50 \$100 \$100 \$100 \$0 \$90 \$115 \$115 \$115	FFFFFFFFFFFFFFFFFFFFFFFFFFFFFFFFFFFFFF	12/2 13/1 4/1 5/3 29/1	547 84 10 165 90 53 131 ₂	2 95 36 315 7 156 89 48 412 117 13 31 ₂	Assets Special 10p. Do. Warranta 10p. Do. Warranta 10p. Do. Warranta **Do. Warranta **AEEdridge Pope £1. **AEEDRIGGE POPE POPE POPE POPE POPE POPE POPE P	95 38 347 83 7 160 90 48 131 131 131 148	+1	bd7.0 F0.6	9.9 9.9 9.9 	12.8 - 10.5 9.1 6.0
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FIXED INTEREST STOCKS

issue price 2	d th	atost ate	198	31/2	Stock	Bullion Bollon	+ 0
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(191 ₈ (100 (100	£25 F.P. F.P. £10 F.P. F.P.	26/2 18/3	202 212 112 13 1003 1004	200 210 102 12 993 100	Do. 8pc Gnv. Ln. 1987. Hasiemere Est 9pc.Conv Uns Ln. 2801/85 Mid. Kent Water 9/2 Red. Prf. 1987. Nat wide 80g. Society 154.2 (1711/83) Do. 1542 (7/2/83)	13	+1
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"RIGHTS" OFFERS

Financial Times Monday February 22 1982

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price p	Am	eda:		Kigh	Low	Stock	52	-
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trais cover based on dividend on the capital. If Assumed dividend and paracast dividend cover based on previous year's caralogs. F Ordered of based on procedure or other official estimates for 1982. O. G. gures assumed. • Figures or report averaged. • Cover allows for convenience not now ranking for dividend or ranking only for restricted divident control of the convenience of the cover. If introduction. It issued to former preference hot lifetiment letters (or fully-paid). • Provisional or party-paid allotment letters (or full

LOCAL AUTHORITY ROND TARIE

	Annual gross interest	pay-	t Minimum sum	Later of World
parentheses)	%		£	Year
iowsley (051-548 6555)	147	-year	1,000	48
chford (0702 546366)	141	1-year	500	25

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & **OVERSEAS FUNDS**



Bond Investments AG aurestrase CH6301, Zug, Switzerlan r Sid. Feb 19...[10,165 | 10,700|]

Chanyton Commodities (Isle of Man) Ltd.
29, Arbol Street, Daugias, I.o.M. 0624 21724
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Corninil Ins. (Guernsey) Ltd. P.O. Box 157, St. Peter Port, Guern Intel Man. Fd _[227.0] 247.0] Deutscher Investment-Trust Postfach 2585 Bebergusse 6-10 6000 Frankfurt Concentra. IBMB13 16-531-007 ... In Recommons. IBMB13 16-531-007 ...

Dreyfus Intercontinental Inv. Fd. Errison & Dudley Tst. Mgt. Jrsy. 124. P.O. Box 73, St. Heter, Jersey. 0534 73933 E.O.I.C.T. [1240 136.6]

Free World Fund Ltd.

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I.C. Trust Managers Ltd.

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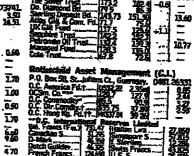
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Koma International Trust

Building, 1-124 Yoldo-dong, Scool, Korea MAV Feb. 6 (Worr 10,170) (US\$15.26)

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Financial Times Monday February 22 1982 FT SHARE INFORMATION SERVICE BANKS AND HIRE PURCHASE

CHEMICALS, PLASTICS—Cont.
MACHINE TOOLS

MACHINE TOOLS ENGINEERING BANKS AND HIRE PURCHASE CHEMICALS, PLASTICS-Cont. 021 • 704 • 5111. **Building Societies** 992 - 14.82 994 - 14.79 995 - 15.39 1002 - 15.17 992 - 15.65 994 - 15.29 FOREIGN BONDS & RAILS Interest | Stock | Price | Last | Div % | Red. | Red. | Last | Div % | Red. | Five to Fifteen Years INDUSTRIALS (Miscel.) Over Fifteen Years Undated INT. BANK AND O'SEAS **GOVT. STERLING ISSUES CANADIANS** COMMONWEALTH AND AFRICAN LOANS Corporate Currency Risk by J.A. Donaldson CORPORATE CURRENCY RISK is an authoritative manual on foreign Written specifically for the corporate treasurer and finance manager this report will help you in seven ways. * understand how the foreign exchange market works. * avoid unnecessary foreign exchange risk. * negotiate more advantageous foreign contracts. * reduce the cost of forward cover. \star safeguard your company against fraud and misappropriation. * identify and quantify exposure. * improve the quality of your exchange rate forecasting. FOOD, GROCERIES, ETC. Order your copy of CORPORATE CURRENCY RISK now. ORDER FORM Please return to: Marketing Department, The Financial Times Business Information Ltd., Bracken House, 10 Cannon Street, London EC4P 4BY. Single copies E18 50 UK, 5US45 (overseas) incl. p&p. Subsequent copies at £9 95 SUS24. Cheques should be made payable to "Business Information" ALL ORDERS TO BE ACCOMPANIED BY PAYMENT

REGIONAL MARKETS

The following is a selection of Loodon quotasions of staires previously intested only in regional markets. Prices of Irish asses, mast of which are not officially listed in London, are as quoted on the Irish exchange. | Ref | Ref

"Recent Issues" and "Rights" Page 20
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FINANCIAL TIMES

Monday February 22 1982



Dispute over rail settlement grows

By Margaret Van Hattem.

THE ROW between British Rail and the Government over last week's settlement of the drivers' dispute intensified yesterday, as both sides refused to accept responsibility for the outcome.

Sir Peter Parker, the British Rail chairman, clearly feels he was under pressure from senior Ministers to drop his demands for an explicit commitment from Aslef, the drivers' union, to ending the guaranteed eight-hour day.

This pressure is understood to have been applied through senior officials at the Departments of Employment and Transport at a meeting last Wednesday afternoon.

However, Downing Street was adamant yesterday that no such pressure had been applied. If senior officials gave such an impression, they did so without Ministerial authority, it was stressed.

Yesterday, as trains resumed normal running for the first time in more than six weeks, both sides expressed their de-termination that BR should win the battle with Aslef over

flexible rostering. Sir Peter has made it clear he will resign if, through lack of Government support or for any other reason, he fails in

The Prime Minister accepts that success on this issue is crucial to the future of BR and is prepared to support Sir Peter. He is also confident of support from Mr David Howell, the Transport Secretary.

However, some Cabinet minis-ters have made little effort to disguise their satisfaction over his discomfort during the past

Sir Peter appears to anticiconsiderable opposition ministers, from the Prime Minister's economic advisor, Prof Alan Walters, and from the Cabinet

His attempts to push through a deal on flexible rostering could be hindered by the bad feeling created over the past

The Government confirms that senior ministers, led by Mr Howell, "kept in touch" with the BR Board throughout the dispute, but insists that at no time was Sir Peter instructed or advised to "capitulate."

The message from those close to Sir Peter, however, is that senior civil servants made it clear that he was expected to accept a compromise clause which, while not referring to the eight-hour day, left all

Weather

UK TODAY COLD, with sunny periods and sleet in parts. London, S.E., E. Anglia

Mostly dry, sunny periods, becoming cloudier, Max, 5C Central and E. England, N.

Ireland, W. Scotland Sunny intervals and showers perhaps sleet or snow later. Max. 6C (43F).

Rest of Scotland, N.E. England, W. Midfands Cloudy with occasional sleet

or snow. Max 4C (39F). Water and W. England Cloudy with rain, sleet or

snow. Brighter later. Max. 7C

Onclook: Eright intervals and WORLDWIDE 7 45 L. And t 16 (3 Luxmby, S 2 Ducot S 5 IA Luxmby 1 25 Abdred 1 70 Majorca 1 50 Majorca 30 Melbine 37 Mer. Ct 40 Abamit 30 Majorca 30 Melbine 30 Melbine 30 Melbine Black pl. Bristol 70 Newcati, 39 N York f C 32 Tel Avia 41 Tenente 39 Tokyo 41 Trintot

+ Noon GMT temperatures.

RESEARCH 'TOO COSTLY' AS OIL PRICES FALL

Synthetic fuel projects hit

BY RAY DAFTER, ENERGY EDITOR

forcing energy corporations to biggest energy group—told postpone and cancel investment security analysts last week that projects costing billions of the corporation had reduced

tional crude oil.
A number of big corporations

said they were working on the assumption that the average contract price of crude oil may not rise at all in real terms in the 1980s. This was affecting their evaluation of schemes such as synthetic fuel plants—which could be viable only with increased energy prices.

Industry estimates indicate that the production alone on synthetic oil (excluding processing, distribution and taxation) cost between \$20 and \$40 a barrel in 1980 dollars. This compared with \$1 to \$3 a barrel needed to produce Middle East oil and between \$5 and \$20 needed for North Sea and \$20 needed for North Sea

the financial year to the end of

March, but is still confident of

breaking even or perhaps making a small profit in 1982-83:

1981-82 became apparent only days after Mr Iain Sproat, the

junior trade minister with

responsibility for aviation, con-

firmed that the Government still

intended to sell the state-owned

we are pressing ahead with plans to do so as fast as prac-ticable," Mr Sproat said on a

The scale of the losses for

FALLING OIL prices are president of Exxon—the world's pounds.

Leading oil companies said future oil supplies based on at the weekend that they were shale, tar sands, and liquefied reviewing their spending pro-grammes because of projections assuming that synthetic fuels about oil prices. They are wor-ried that the energy from the day—or 4 per cent of world proposed fuel projects could be energy supplies, by the end of more expensive than conventue the century.

> rethink dramatic and unexpected fall in crude oil prices in recent North Sea Forties Field oil has dropped to about \$28.70 (£15.42)—\$29 a barrel—some \$6 a barrel below the contract rate and \$10 below prices paid

Spot prices of Middle East crudes are even lower. London traders reported that Arab Light crude had fallen to about \$28.50 and Arab Heavy oil was valued on the spot market at \$26 a barrel.

British Airways was unable

to put a precise figure on the loss for this financial year. How-ever, it said that approximately

£100m of the loss was directly

attributable to its call for

The cost of the redundancy programme for this financial year and for 1982-83 is expected

to reach £150m. So far, the air-

The airline was given permis-

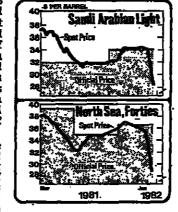
voluntary redundancies.

intended to sell the state-owner airline to the private sector.

"I want to make it clear that the Government intends to dentify the Governmen

BA expects £200m loss this year

BRITISH AIRWAYS is expected visit to East Midlands Airport sion by the Government to bor- has mainly hit BA's domestic to have lost at least £200m in last week. Setween



Standard Oil of Ohio (Sohio) has just announced that it is reducing the price of oil from Alaska's North Stope by \$2.27 to \$29.75 a barrel for Gulf Coast deliveries and by \$1.27 to \$29.50 for West Coast sales. "It's a business decision based competitive

pressures," said Sohio. In the U.S. the non-Communist world's biggest taon in the oil market that Saudi producer, crude prices have Arabia is about to reduce its dropped to the lowest levels output further in a fresh bid to Howard Kauffmann, in nearly two and a balf years. halt the decline in prices. The

finance the redundancy pro-gramme. This money has to be

paid back to the banks at com-

mercial interest rates in a vear

and will have an impact on BA's plans to reach break-even point by the end of the next financial

• A mass meeting has been

called at Heathrow Airport, London, for today by leaders of

the 2,000 British Airways

tarmac workers who have taken

industrial action over plans by BA's management to start new

work rosters and work agree-

So far the industrial action

row an extra £53m to help to and European flights. Between

its production to fall from 8.5m b/d to around 7.6m b/d is expected to reduce its output to about 6.5m b/d.

The Saudis are trying to main tain the official Organisation of Petroleum Exporting Countries reference price of \$34 a barrel. In the same way, British National Oil Corporation has been resisting industry pressure to lower North Sea prices below the present contract rate of \$35. According to oil traders, a reduction in Saudi output could bring a temporary relief from

still possible that prices could slip again in the summer. Against the background of falling oil prices there is mounting concern in the industry and the International Energy Agency that the developed world may be falling into a new

falling spot prices. But it was

energy trap.

It was pointed out that by postponing energy development projects—like synthetic fuel plants—the industry would remain dependent on conventional crude oil supplies. This would

10 per cent and 20 per cent of

these services were cancelled

minal 3, serving long distance

flights, were not involved in the dispute until Friday, when four BA long-haul flights were

delayed by a one-hour stoppage.

the disruptive strike action said

yesterday they were certain the action would continue after to-

Staff at Terminal 3 will be

faced with new rosters in about

week and engineers soon will

Knight calls

day's mass meeting.

be in the same position.

Shop stewards in charge of

last week. Tarmac staff at Ter-

THE LEX COLUMN

The City hits a tender spot

Long before a parliamentary squabble broke out over the nethod of floating shares in actimonious debate was going on in the City. The Govern-ment's advisers, Rothschilds, _and eventually got—4 fixed-price offer for sale. Morgan

Grenfell, advising the company, felt that the high potential demand for Amersham and the difficulty of pricing it argued in favour of a tender Subscriptions of £1.5bn for

the £70m offer and the near-certainty of a big premium when dealings open on Thursday lend retrospective support to the Morgan view. The astonishing thing is that Roths-childs was not itself inclined to sell the stock by tender, since it might have learned a lesson from handling an offer for sale -of Exco International-that

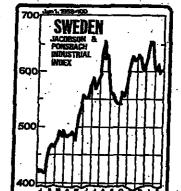
had astracted an even more embarrassing level of interest. The basic problem is that the City does not enjoy tenders. The prejudice against them runs all the way up to the Bank of England, which only bowed to pressure to issue galt-edged stock by tender after "giving away " taxpayers' money when it sold stocks several points cheap at the Battle of Watting Street three years ago. That took all of the fun out of applying for new gilt-edged issues.

The stock market's preference for a fixed price is founded on the practical view that nothing attracts subscriptions so well as the promise of a premium; greed oils the wheels. But it is more polite to make this point with reference to the private shareholder, at whose altar the present Government worships and the City genuflects.
The poor old private share-

filling in multiple applications reward for conventional offers. If there is any truth in this, the Government could still excuse the tion of conceding of a premium — few per cent off the value of rather than wringing out the Mexico Fund, for example, last penny from a sale — in the But the potential for capital interests of wider share owner—grant has been greater generally deliberate policy.

The level of subscription to an issue is not necessarily an indication of much more than the easy availability of credit. Over-subscription feeds on itself, since investors apply for more shares, the more heavily they expect to be scaled down. a fashion developed for Scan- markets. But European fund In addition, there seems to be a relatively-stable float available for staging new issues. The

Amersham offer was covered



more times than Cable and Wireless or British Aerospace, but it was less than half the size of either.

If, however, a very large over-subscription is seen as distasteful in itself, that is another argument for a tender —where stock is secured by bidding at the right price rather than by going for 20 times the amount required. But the tender system may have serious limitations with a very large equity issue, for which the promise of a premium may be necessary in order to ensure that considerable investment sums are mobilised.

There must be a danger, after last week's events, that the Government will insist on a tender for the big sale of Britoil later in the year and that the issue will flop.

European markets Fund managers have left few

stones unturned in their search for portfolio diversification since exchange controls were lifted just over two years ago. Even the most obscure and holder is supposed not to exotic equity markets have pro-understand tenders, although vided some pickings for the he has become a dab hand at larger institutions. Not all have rewarded this adventurous

Last week's effective devalua-tion of the peso wiped another than in the more established markets.

The pursuit of esoterica West Germany, France, Holdinavian markets and, to a lesser degree, Italy. This year the runners are Belgium and

The vogue for smaller markets can be traced at test partly to the poor performance of the established centres. In the mid-1970s, the weakness of equity values was offset generally by the steady appreciation of hard currencies. For the past two years, sterling-based investors of the have been losing on both counts. Investors in Belgium are the latest to in Belgium are the latest to learn that not all EMS curren-cies are a perfect substitute for the D-mark.

Quality growth stocks are in short supply on the major Continental bourses, principally because immature com-panies rely heavily on bank finance. On the smaller ex-changes, however, fund managers could find high-technology companies, often on less demanding ratings than their U.S. or Japanese counterparts.

ceuticals group, was an early text-book example of what institutions were looking for: a fast-growing company with a strong international presence and a high-technology label.

In several of the smaller markets, institutions have been

Novo, the Danish pharma-

tempted by the prospect of tax legislation designed to promote domestic investment in equities. The consequences of the Monory tax relief legislation in France had sunk home and fund mana-gers assumed that a similar trend might develop

In Sweden, where a tame version of Monory was intro-duced, the market responded with a strong rise last year. But, predictably enough, supply soon rose to meet demand and share offers by the likes of Volvo, together with political uncertainty, have taken the market off the boil.

The problem for foreign institutions is not just in spotting the turn but in locating the exit when it comes. Few of the smaller markets are liquid and Sweden, for example, cramps the situation further by distinguishing between free equity. available to foreigners, and re-

In a market like Norway, the equity capitalisation of which would fit snugly into the portnental Europe. Not so long ago, fund, foreigners could not uncontent their selves playing an expensive recently picked up in Conti- folio of a major British pension game of pass the parcel. There is an obvious appeal for stockland and Switzerland. Last year brokers in pushing the smaller managers should perhaps not try too hard to match the recent

performance of their Pacific Basin colleagues.

Open conflict threatens over Belgian 'austerity' freeze on pay

BY LARRY KLINGER IN BRUSSELS

THE BELGIAN Government yesterday imposed a curb on pay increases, froze prices, and imposed other measures in a package designed to complement its move to devalue the franc.

The measures threaten to pit the new centre-right Govern-ment in open conflict with the

country's trade unions. The ruling Christian Demo-crat-Liberal coalition suffered a setback when the Christian unions, which traditionally support government, joined socialist unions' outright condemnation of statutory wage controls.

Opposition to the govern-

ment's economic programme has already led to a one-day general strike in the depressed, Frenchspeaking south of the country, and to violent confrontations in Brussels. The main measures announced

yesterday were:

• CHANGES in the traditional system of automatically linking in real incomes, wage rises to the cost of living

year to a full three percentage points below the expected 7 to 8 an inflationary spiral. per cent rise in the cost of living. AN ACROSS-THE-BOARD prices freeze for one month, continued on a selective basis for at least a further two

• REDUCTION of industry's energy costs by BFr 3.3bn (£40m) through cuts of about 9.5 per cent in electricity and gas tariffs. This is to be achieved through savings on the energy industry's wage bill. Similar

changes for oil are being studied.
Other measures include tax and social security payment concessions to industry to reduce costs and increase new investment, and safeguards to ensure between steelworkers and police that doctors, medical technicians and other self-employed profesministers would also suffer cuts The Government argues that

its plan for export-led growth in serious trouble.

The aim is to limit the rise could be accomplished only by in the national wage bill this substantial devaluation. Wage curbs are essential to prevent

Mr Wilfried Martens, the Prime Minister, said yesterday that "without a devaluation the sacrifices demanded from the whole population would have been in vain." Without a devaluation, he

said, the Government's economic recovery programme could not be realised. "Nobody could contest that our country is facing a dramatic situation." The new Government now faces its biggest political test yet, as the unions decide on what action they are prepared to take. There is no likelihood that the opposition-affiliated Socialist-led, unions will relent

now that the wage curbs are firmly in place. If the Christian unions join sionals participate equitably in forces with the Socialist-led wage restraint. Government unions in a series of general strikes—as has happened in the past over less severe measures then the coalition would be

for 'monitor' on company strategies PROPOSALS FOR a new

system of monitoring the industrial strategies of large companies are presented today by Sir Arthur Knight, a former chairman of Courraulds and of the National Enterprise Board.

Sir Arthur suggests that the investing institutions might set up qualified pro-fessional teams to appraise the performance of hig companies. The objectives would be to improve the quality of industrial management and to gain the support of investors for the long-term financing of business strategies, some of which might offer little early prospect of profits.

argues in a pamphlet published by the Policy Studies Institute that the long timescales required for industrial investment require a new attitude towards equity financing on the part of industrialists and investing institutions. For this to happen, the institutions would need to appraise industrial strategies to an extent they are not equipped to handle at present.
The proposed teams each

The proposed teams each would be led by an experi-enced industrialist who would take on the job for an initial five-year period in order to build up continuity. Each team would be

responsible for monitoring ahout 20 companies, assessing and reporting on the strategies of the manage-ments, advising on their financing plans, and conducting regular reviews on progress. As a starting point, five teams might be set up to deal with the 100 biggest industrial companies. Each might cost about £300,000 a year.

Three possible formats are put forward. The first would involve Equity Capital for Industry, the financing body owned by the investing institutions.

It might appoint teams to act as its agents, Sir Arthur The costs could be shared with the commercial Another approach would be for each industrial company

to work with one commercial

bank and one of its leading

Lane, London SW1. £2.50p.

Editorial comment, Page 12

investors, who would appoint the teams. As a third possi-bility, the investing institutions could put into the hands of the team leaders proxies to exercise votes in respect of the shares which they own. "Wilson Revisited: Industrialists and Financiers." By Sir Arthur Knight. Policy Studies Institute, 1-2 Castle

ADVERTISEMENT

NEWS REVIEW BUSINESS

Ferranti wins £1m Thai order

The Royal Thai Navy has placed an order worth over film with Ferranti Computer Systems Ltd for a Combat Information Centre Tactical Trainer (CICTT). The computer-based CICTT is for the Royal Thai Navy Base

in Sattahip, near Bangkok.
Users will achieve a high
state of combat readiness
without tying up operational
ships in a training role.

TelephoneMOSFETS

Another range of N-channel Vertical DMOS Power FETS from Ferranti Electronics Ltd full production. The ZVN01 series is particularly sultable for telephone systems, replacing mechanical interrupters and muting contacts in telephone handsets.

Briefly ... Ferranti will present a paper

on low cost machines for laser profiling of sheet materials at the "Use of Lasers in Manufacturing seminar at Centrepoint, London tomorrow. At Electrex exhibition 1st-5th

March. NEC Birmingham Ferranti will show CEDREC 3 total energy management system Also PMS 20, a computer system for remote control of process plant over communications links and via telemetry and the Disturbance Recorder for monitoring high voltage electricity trans-mission lines.

ENGINEERING Electronic inspection Ferranti ple produces measurement and inspection

measurement and inspection equipment for the engineering industry at the Scottish Group's Dalkeith factory.

The Bridge Range of Coordinate Measuring Machines combines high accuracy and reliability with a realistic price. As a result several export and UK orders have already been received for these models. A Direct Com-puter Coutrol option further rationates inspection.

The Ferranti range also includes the Mercury, a highly-versatile, low-cost machine with a wide range of accessories and the 610C. a small model suitable for the inspection of castings.

"Micro 900" 3-axis micro-processor - controlled display unit. Its integrated inspection routines are easy to use and the alpha-numeric display guides the operator through in plain English—or French -or German The Acculin microprocessor-based digital readout (DRO)

equipment completes the range. This increases accuracy and component quality and improves productivity lathes, millers and other machines. The DRO can be retro-fitted to existing machine tools. This Ferranti capability in

measurement and inspection technology will be demon-strated at the PEP 82. Exhibition, Olympia, 2nd to 6th March.

operator and then functions

ELECTRO-OPTICS Laser trainer

small machined parts, printed

All machines utilise the new

circuit boards, etc.

A laser training aid, designed to help the pilot of a strike aircraft determine the effectiveness of a laser attack, has been developed by Ferranti The system is basically a detector, counter and decoder of YAG laser pulses and will be used on laser firing ranges to evaluate the accuracy on target of laser transmitters

(airborne or ground).
The portable equipment weighing under 25 kg, can be set up rapidly by a single

automatically and unattended. The Training Aid can be directly interfaced with a radio transmitter by which audio signals can be passed to the pilot or the laser equipment operator when energy from the transmitting laser strikes the target. It also measures the pulse repetition frequency (PRF) of the received energy and can function as a YAG laser warning device

The good news is PERRANTI Selling technology

Continued from Page 1 Oil tax changes the continuing fall in the oil the replacement of the existing recognition at Whitehall that

Revenue and the Department of and the supplementary duty) Energy have been reviewing the by a single tax seem likely to structure of North Sea oil taxa- be refused. tion in view of protests from the industry that the system is to expire at the end of June. If it is extended in the Budget often and discourages development. A review was promised following the introduction of the supplementary petroleum duty A variety of sometimes conflicting proposals have been made by the industry. Calls for

Continued from Page 1

that the Industry Department

is asking the Treasury for an increase in future, rather than

gramme, introduced in 1978,

which has funds of £55m, more

Besides, the Denartment

design activities. It is

discussing a possible

wants cash to help computer-

£250m joint programme with

industry on advanced elec-tronic work, dubbed fifth-

immediate, expenditure.

committed.

price. four taxes (royalties, petroieum.
The Treasury, the Inland revenue tax, corporation tax, four taxes (royalties, petroleum encouragement may have to be

The supplementary duty is due its rate could be altered. Government

apparently been unimpressed by industry arguments that projects generally are being delayed by the Treasury in calculating

Leaving aside any technical changes in the tax structure the decline in the oil price and fluctuations in the sterling/ dollar exchange rate have created major headaches for

given for the more difficult fields

coming up for exploration -

especially in view of uncertain-

ties created by the fall in the

revenue estimates ahead of the There is now apparently some Budget.

the severity of the tax system.

High technology aid been spent so far, which shows generation computers."

It has told electronics companies meanwhile, that it ncrease in future, rather than is interested in providing mmediate, expenditure. help for the development of the Department also wants the sort of flat-screen techmore funds for its Micropro-cessor Applications Pro-sets.

These ald schemes are in line with Mr Jenkin's wish to than f40m of which has been switch the emphasis of departmental work from support of older industries to that of new technologies. Now £1bn of his £2bn annual budget goes on older industries, such as BL only £500m for high tech- year.

nology and other selective projects. He is drawing up plans to

by making such businesses as BL sell some of their opera-

cut backing for older industry

tions before they become profitable. But, in the meantime, he has told Sir Geoffrey he needs help from the Treasury to bridge the gap. Government approval for British Telecom to issue a bond of about £150m to private sector investors, will be officially this week or in the Chancellor's and British Steel, and another Budget speech. The issue will £500m on regional aid, leaving come towards the end of this